Afghanistan: Guerrilla leaders meet UN mediator, Page 16

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World News

Floods and Fresh offer mudslides in Brazil kill 127

Devastating floods and mud-slides have killed at least 127 people in Brazil. The mountain road to Petropolis, 60 kilo-metres north of Rio de Janeiro, was jammed as hundreds of sol-diers, firemen, and police due diers, firemen and police dug through debris brought down the mountain by torrential rain. Nearly 6,000 people were made homeless by the floods.

Iraq raids Kharg

Iraqi warplanes broke through air defences and raided Iran's main oil terminal in the Gulf for the first time in more than three months. Also in the Gulf, US-owned tanker flying the Liberian flag near the Strait of Hormuz. Khomelni blow to conservatives, Page 2

Vietnam amnesty

.Vietnam announced an amnesty later this month for many offi-cials and military officers who have been held in re-education camps since the 1975 commu-nist takeover of South Vietnam.

Stalker revelations

The Irish Government intends to tread softly with British min-isters over the Royal Ulster Constabulary, despite further revelations about the force in a book published today by Mr John Stalker, the former Deputy Chief Constable of Greater Manchester. Page 4

UN mediator in Kabul

Mr Diego Cordovez, UN media-tor, was in the Aghan capital of Kabul yesterday to report on his first formal meeting with leaders of Mujahideen guerrilla forces fighting against the eight-year-old Soviet occupa-tion of the country. Page 16

Portuguese protest Tens of thousands of workers marched through the streets of several cities in Portugal to protest against planned labour reforms making it easier to dis-miss workers. Page 3

Election aftermath

torious Congress (I) party and hurled bombs at the new state health minister.

Waldheim report

The international commission of historians investigating the wartime activities of Mr Kurt Waldheim, the Austrian President, presents its findings today as, meanwhile, a Belgian historian on the commission claimed that he had found new documents to strengthen the case against Mr Waldheim.
Page 2

years that Panamanian strong-man General Manuel Antonio Noriega was trafficking in drugs. Background, Page 2

Soviet post haste

The Soviet Union has introduced an express service for international mail, guaranteeing delivery anywhere in the world within five days. The new service is only for foreign-

PLO to free hostages

Palestine Liberation Organiza-tion Chairman Yassir Arafat-ordered his guerrillas to secure the release of two kidnapped Scandinavian employees of the United Nations Relief and Works Agency believed to be held near a refugee camp in Sidon, Lebanon.

Gadaffi in Algiers

Libyan leader Muammar Gadaffi held talks with Alge-rian President Chadli Benjedid on North African unity plans. The Libyan leader arrived unexpectedly after two days of talks in Tunista.

Business Summary

in battle for Société Générale

MR CARLO DE Benedetti, the Italian businessman, dramatically upped the stakes in the fierce battle for Société Générale de Belgique, last night when he announced details of a higher offer for the additional 15 per cent share stake which he is seeking in the company.

Cerus, Mr De Benedetti's Paris-based financial holding group, said in a statement it had raised its offer by BF600 to BF4,000 per share. Page 16

BRITISH AIRWAYS intends to retain all British Caledonian's international and domestic landing rights, Mr Colin Mar-shall, the airline's chief executive said. Page 4

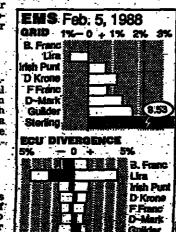
EUROPEAN Monetary System: Currencies were confined to a relatively narrow range last week. The D-Mark was marginally firmer against the dollar while the Italian lira stabilised after receiving nominal support from central banks the week before.

The Bank of France left its money market intervention rate unchanged and there was no change in West German rates after Thursday's meeting of the central council. The Belgian franc remained the weakest girl, died of gunshot wounds received earlier.

Few large villages in the occupied West Bank were left untouched as an unprecedented epidemic of protests and confrontations with the army, swept the region.

Last night the Jerusalembased Palestinian Press Service said it had unconfirmed reports of 81 people who had been hospitalised after beatings or shooting incidents yesterday in over a dozen different locations in the West Bank.

Several were said to be in to Jordan, Sandi Arabia and currency but was well within its divergence limit.



The chart shows the two con Suspected communist support straints on European Monetary ers, defeated in Friday's elections in India's Tripura state, upper grid, based on the weak-killed four members of the victorius Congress (I) party and defines the cross-rates from hurled hombs at the new state estimates the cross-rates from hurled hombs at the new state estimates the cross-rates from the contract the congress of the contract the c which no currency (except the lira) may move by more than 2% per cent. The lower chart gives each currency's diver-gence from the "central rate" against the European Currency Unit (Ecu), itself derived from a basket of European curren-

TOKYO: The Nikkei index gained 140.39 in Saturday's half-day session, closing at 23,791.19. World Stock Mar-

GROUPE LE CREUSET, "US knew of drug link"

A report published yesterday said that US authorities have believed or suspected for 16 institutions. Page 16

ITALIAN financier Raul Gardini says his reorganisation plan for Ferruzzi-Montedison has been widely misunderstood. The sparked a sell-off which cut Milan stock market prices by nearly 5 per cent last meals. Page 18

week. Page 18 BRITISH Government plans to break up the Central Electricity erating Board before selling it are opposed by a leading expert who supports privatisation to promote competition.

HITACHI and NBC, two of Japan's largest makers of micro-chips, announced plans to increase their US production and to manufacture memory chips, due to increased US demand Page 3

CHASE MANHATTAN Bank intends to hold off its decision on whether to participate in Mexico's innovative bonds-for-loans scheme until closer to the February 19 deadline. Page 17

EASTMAN KODAK, US photographic group, has asked Bank-ers Trust to arrange a \$55n credit to fund its \$5.15n sequi-toring international investor intercredit to fund its \$5.1bn acqui- ing international investor inter-sition of Starling Drug. Page 17 est in the local equity market, present, he claims his HK\$2 yet faces no charges.

Bush close to admitting defeat in Iowa caucuses

BY ANDREW WHITLEY IN JERUSALEM

US VICE PRESIDENT George
Bush yesterday came close to
conceding defeat in the 1988
Iowa caucuses, the first major
hurdle of the 1988 presidential
race.
Hours after the publication of
a final poll on the eve of
tonight's Republican caucuses,
Mr Bush admitted that he was
"quite a bit behind" his main
rival Senator Robert Dole of
Kanssa. He pledged to fight
back in the forthcoming presidential primaries.
A Des Moines Register poll
published yesterday showed

Senator Dole with a wide 37 per
cent to 23 per cent lead over
the vice president who is the
front-runner in national polls as
front-runner in national polls as
well as in polls in New Hamps
hercause he has trailed Senator
Dole in Iowa polls for months.
But it would substantially
increase the pressure on him to
win in New Hampshire.
Mr Bush may also be worried
by the strong showing the Iowa
poll of Mr Pat Robertson, the
former television preacher. Mr
Robertson is the first test in the election campaign.

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Mr Bush may also be sorried to the first test in the

West Bank violence

protests sweep region

claims six dead as

US VICE PRESIDENT George Senator Dole with a wide 37 per first test in the election cam-

According to an army spokes-man, during the morning some "tens" of demonstrators, egged

on by agitators using the local mosque's loudspeakers, tried to block the highway – a vital link

with Israel for Jewish settle-

ments in the area.
Security forces arrived

swiftly on the scene, and pushed them back into the cen-

tre of the village."

The army was unable to say

how casualties occurred last night. But it confirmed that three corpses of Beit Ummar Continued on Page 16

off here three weeks ago when he launched a powerful television advertising barrage hinged on the threat to American jobs from unfair trade practices by its trading partners particularly South Korea.

Suprises. The polls here do not have a long track record and they are still showing that in Continued on Page 16

committed core of evangelical Christian supporters will turn out in force tonight and embarases them.

In the Democratic race, which the leading candidates agree is very tight, Congressman Richard Gephardt of Missouri, is maintaining a slender lead.

In a poll of likely Democratic caucus goers, Mr Gephardt is the first choice of 25 per cent of respondents, ahead of Senator Paul Simon of Illinois (19 per cent) and Governor Michael pukakis of Massachusetts (15 per cent).

All the candidates are stress-

ard Gephardt of missour.

maintaining a stender lead.

Mr Gephardt's campaign took off here three weeks ago when could be misleading in a state known for producing election to the maintain of the producing election.

Barre strikes camp to launch

his campaign

MR RAYMOND Barre, the former Prime Minister, will today formally announce his candi-

AT LEAST three Palestinians critical condition. Israeli secudied yesterday in the occupied West Bank after being shot by Israeli troops in one of the worst days of violence in the two month-long unrest.

This brought the weekend total of dead to six. Three earlier casulaties, including a 10-year-old girl, died of gunshot wounds received earlier.

As the perception spreads in Israeli Government circles that the disturbances in the West Bank and Gaza Strip regions are unlikely to diminish in the foreseeable future, a deeply pessimistic situation report was presented to the Cabinet at its man, during the morning some dacy for the French presidency in his home town of Lyon.

Mr Barre's supporters hope the official announcement will give a boost to his campaign which in recent weeks has seemed to less ground to her ground to he seemed to lose ground to Mr Jacques Chirac, the Prime Min-ister and his main rival on the

right.
Mr Chirac formally launched his campaign three weeks ago.
The first round of the presi-

The lirst round of the presidential election takes place on April 24, followed by a run-off between the two leading candidates on May 8.

Mr Chirac has also stolen a march on Mr Barre by winning the backing of several personalities of the Union pour la Démoratie Française Mr Barre's cratie Française, Mr Barre's

An opinion poll published in the Libération newspaper at the weekend showed Mr Chirac recovering to gain 20.5 per cent of votes, compared with 22 per cent for Mr Barre. A month ago, in the same poll, Mr Barre led by 6.5 percentage points, and two months ago by 9 percentage points.

age points.

Both right-wing candidates trail President François Mitterrand with 40.5 per cent. Unlike Mr Barre, Mr Mitterrand has managed to maintain the uncertainty over whether he will

his slide in opinion polls which gauge voting intentions, prefer-ring those which measure how much confidence a candidate

inspires.
"Between the President of the Republic and the people of France, what counts is the contract of confidence," says Mr Barre, quoting Charles de Gaulle.

The Lyon MP has outlined four main campaign themes: public safety in France and Europe; the return to competi-tiveness; national solidarity to



election campaign

confront the tests ahead; the defence of the institutions of the Fifth Republic.

the Fifth Republic.

After the right wing's victory in the 1986 parliamentary elections, Mr Barre opposed the experiment of "cohabitation" between a left-wing President and a right-wing Prime Minister, which had not occurred under the Fifth Republic.

Meanwhile, on Saturday Mr Chirac presented his "project for France," aimed at putting the economy in first place in Europe by the end of the century. The programme underlines the three themes of fam-

ily, enterprise and training. Mr Chirac promises to reacti

vate the referendum; halt all new immigration; and increase family allowances and mater-

nity leave. In the economic sphere, he plans to reduce corporate tax rates below 40 per cent; continue the harmonisation of Value Added Tax rates with the rest of the EC; and install a three year budget programme aimed at reducing the Govern-ment deficit by PFr15bn

(\$2.6bn) a year.

Carlucci calls for N-weapons upgrading in Europe BY DAVID MARSH IN BONN

MR FRANK CARLUCCI, the US Defence Secretary, risked exacerbating American differ-ences with West Germany over arms control yesterday by calling firmly for the modernisation of nuclear weapons in Europe. Mr Carlucci warned that

Moscow should not be allowed the "illusion" of thinking its territory safe from a Europelaunched nuclear strike.

He said Nato needed to carry out its arms modernisation of the 1000s in spice of

plans for the 1990s in spite of the US-Soviet accord on scrap-ping medium-range nuclear mis-

siles (INF). Although he made clear he was not thinking purely of systems based in West Germany, Mr Carlucci's blunt reit-eration of Nato's updating needs poses a particular dilemma for Bonn.

Large numbers of the shorter-range nuclear weapons remaining after the INF accord are deployed in the Federal Republic. Public opinion is extremely hostile to the idea of

upgrading them.

Speaking at the annual
Wehrkunde defence conference in Munich attended by a cluster of defence ministers, military specialists and politicians from Nato countries, Mr Carlucci voiced the need for upgrading the short-range US Lance missile deployed in West Germany.

He also said the alliance needed to develop a new air-launched nuclear missile and modernise its nuclear artillery.

On another issue where the US and West Germany have differing views, Mr Carlucci rejected calls to relax the CoCom list of restrictions on high-tech exports to the Soviet

He said: "The opinion that the need to protect the West's advanced technology has diminished because of Soviet reforms and the middle-range missile treaty is wrong."

Mr Franz Josef Strauss. Bavarian Prime Minister and leader of the Christian Social Union which is part of the Bonn coalition, expressed unusually strong scepticism about whether upgrading missiles was politically possible. He said modernisation was

necessary but would be very difficult to carry through in view of domestic political opposition.

Chancellor Helmut Kohl, speaking at the beginning of the conference said Soviet leader Mr Mikhail Gorbachev's aim of removing all nuclear weapons from Europe would not be in the alliance's security interest "for the foreseeable future.

in economic shake-up BY CHARLES HODGSON IN MOSCOW THE READ of the Soviet state an unusual move, sharply criti- But critics have complained commission, cised Mr Talyzin by name, that enterprises are still so Gospian, has been replaced along with Gospian, for failing heavily burdened with state after repeated criticism of the to correct disorders in the econorders that there is little or no organisation for the poor peromy at a time when state industries of the economy and tries were falling short on tarage on their own account and get in her arrangement and get in her arrangement.

Soviet chief replaced

formance of the economy and failing to implement economic reforms being introduced by Mr There have recently been production of badly needed thinly disguised attacks on Gosleader.

Mr Nikolai Talyzin, 59, appointed by Mr Gorbachev to preside over a radical shake-up of the country's planning sys-

job at the weekend. His deputy, Mr Yuri Maslyukov, has been promoted to become Gospian's chairman.

charman.

The move appears to reflect
deep dissatisfaction among reformers in the Soviet leader—ship at the recent sluggish economic growth, and concern at the apparent lack of enthusiasm within the bureaucracy for supposed to gain greater autonature. Mr Gorbachev's economic

economic reform programme, 60 per cent of the country's

asm within the bureaucracy for supposed to gain greater auton- zin. He retains his position as first deputy prime minister in the first deputy prime ministe

of the country's planning system, was transferred to another heavily centralised controls and job at the weekend. His deputy, simulate the economy.

Under the latest phase of his appointed to oversee reforms, base heavily centralised controls and bid to shake-up Gosplan. They pointed out that Mr Talyzin, appointed to oversee reforms, base heavily centralised controls and bid to shake-up Gosplan. They pointed to oversee reforms, appointed to oversee reforms. appeared to have become quickly co-opted by the Gosplar bureaucracy and that his suc-cessor has come from within the organisation.

There was also uncertainty

dies. whether the reshuffle repre-Individual managers were sented a demotion for Mr Taly-Continued on Page 16

Hong Kong futures brokers to

guarantee corporation tries to recoup debts amounting to HK\$1.8bn (US\$230m).

The decision to pursue legal action against defaulting brokers comes after three months of negotiation that has yielded repayments of only HK\$100m. At the same time, the interna-tional institutions which in October contributed to a HK\$2bn fund to rescue the exchange are becoming increas-ingly impatient to see progress on the recovery of outstanding

debts. Futures exchange officials are also aware that failure to settle defaults has brought trade on the exchange to a vir-

THIRTY-ONE. Hong Kong where most fund managers limited liability companies are futures brokers who defaulted need to hedge their holdings under no obligation to settle on contracts when the local against futures contracts.

Claims outstanding against futures market collapsed in Eight local brokers have them.

October last year are to stand repaid outstanding debts since trial in May as the exchange's October while court proceed-trial in May as the exchange's October lead of the Hong Kong Stock Environment of the Hong Kong Stock Environ

the Futures Guarantee Corpora-tion and the local clearing house.

Against Corruption into stock exchange operations, was released on Friday. No charges The October collapse revealed were brought against him.

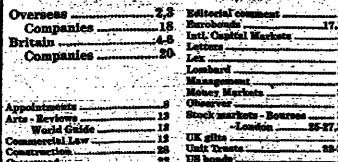
repaid outstanding debts since
October, while court proceedings have led to the repayment to outstanding liabilities by one other defaulting broker, according to a joint statement from the Engrance Corporate. flaws in the management of the futures market. The failure of men arrested on January 2 by

many investors to meet margin commission staff. The other requirements went unnoticed two men were Mr Ronald Li, until the crash, leaving their former chairman of the brokers incapable of meeting exchange, who was charged on January 15 with accepting an

stand trial for contract default

The single largest debtor is unlawful advantage from the understood to be Mr Robert Ng, local subsidiary of Kumagai head of Sino Land, a local prop-Gumi, the Japanese construcerty group. He alone, operating tion group, and Mr Jeffrey Sun, through two front companies, the exchange's former chief has unsettled liabilities under-executive. Mr Sun had his bail

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MONDAY PAGE

INTERVIEW Richard Lambert talks to David Ruder, Securities and Exchange

Chairman, Page 12

Ireland: Cork's stout hearted way with the Anthony Harris: Deep in the hype of Texas . New Zealand: Free-market farm policies sow seeds of discontent Editorial comment: Mitterrand's hard choice; Playing politics with schools 14

French cognac: The distinctive aroma of market share ... Lex: Europe down but not quite out 16 Madeira: Survey Section III

CLWYDThe success of the County of Clwyd, in rebuilding its economic base, is fast becoming legendary. An amazing transformation has taken place during the 1980's, with Clwyd clearly emerging as one of the prime U.K. locations for company investment and expansion. In the last six years new companies have located in Clwyd from all over the U.K. and overseas. Many have undertaken further expansion projects and are continuing to prosper in their new location. To find out more about Clwyd and the considerable benefits it can offer your company as a new location, clip the coupon or contact the Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold, Clwyd CH7 6NB. Tel: 0352-2121, Fax: 0352-58240. Name: Company: Address: A BETTER BUSINESS DECISION

America

By David Gardner in Mexico City

LATIN AMERICAN leaders have stayed conspicuously on the sidelines during the last three months, as the US has stepped up its campaign to oust Panama's military strongman, Gen Manuel Antonio Noriega, who was indicted on Friday by two federal grand juries in Florida on drug-trafficking charges. When business-led strikes and riots against the military-

dominated regime in Panama began last June, hardly any one in Latin America dismissed out of hand Gen Norsega's claim that Washing-ton was conspiring with Pan-amanian dissidents to regain control over the Panama

The late Gen Omar Torrilos Panama's magnetic leader from 1968 until his death in 1981, won sovereignty over the strategic waterway by turning a national campaign into an aspiration espoused by all Latin America.

This was satisfied in 1977 by the Torrijos-Carter treaties,

which set up a US-Panama-nian administration for the canal from 1979, returned to Panamanian sovereignty the 1,000-sq km Canal Zone which bisected the country, and provided for full Pana-manian control and defence of the canal from 1999.

Many Latin American leaders, who initially responded to Gen Noriega's attempt to frame his dispute with the US in regional terms, appear now to have seen through his

threadbare regional flag. Whatever they think of President Ronald Reagan and his policies on the region, Latin American officials now appear clearly to distinguish between Panama's institu-tional participation in initiatives such as the Contadora Group and Gen Noriega's alleged delinquency. His summary dismissal of three

army commanders and four presidents since 1981 has caused a certain embarrassment, in a region trying to shake off an image of instability, but those moves are likely to have been decided more by the now incontrovertible evidence that most Panamanians want the general out than the US-inspired leaks that detailed his alleged corruption and chicanery.

Now that Mr José Blandon, a

former senior political and intelligence adviser to Gen Noriega and Gen Torrijos since 1971, has matched and amplified many of the allega-tions, however, the regional chorus of disquiet is likely to

The accusations made last week by Mr Blandon appear designed to bury Gen Noriega, embarrass the Reagan Admin-istration and outrage Pana-

larly devastating claims: that Lt-Col Oliver North, a former White House aide involved in the Iran-Contra arms affair, persuaded Gen Noriega to let 250 Contras train in Panama in 1985-86 (when US aid to the Nicaraguan rebels was suspended); and that the general agreed to send arms to El Salvador's left-wing insurgency, disguised as a ship-ment from Nicaragua's ruling Sandinistas, which the White House intended to produce as evidence before Congress so as to justify more aid to the

Leaving aside the US domestic political implications, within the Contadors Group Panama has been the seat of regional peace initiatives. If it becomes clear that Gen Noriega was undermining these efforts for personal profit, his isolation within Latin America will be com-

Manigat sworn in as Haiti's president

PROF LESLIE MANIGAT, a political scientist, was sworn in yesterday as Haiti's new president at a ceremony boy-cotted by regional leaders; Michael Tarr reports from Port-au-Prince.
The military, which formed a

caretaker government at the fall of the Duvalier family dictatorship two years ago, is believed to have rigged the centre-right president's elec-tion victory last month after letting violence abort an attempt to hold a fair election in November. The US, France, Canada, and

West Germany ~ Haiti's main sources of aid ~ were repre-sented only by ambassadors yesterday.

A UNITED NATIONS ATTEMPT TO STOP ARMS SALES TO IRAN IS NOT REALISTIC, SAYS SULTAN OF OMAN

Arms embargo attack highlights Gulf states' split

BY ANDREW GOWERS IN KUWAIT

DIFFERENCES between the conservative Arab Gulf states over how to handle Iran resurfaced at the weekend after Sultan Qaboos of Oman reiterated his opposition to a United Nations arms embargo as a means of forcing Tehran to accept a ceasefire.
In a newspaper interview

quoted by the Kuwaiti news agency, the Sultan - who has long favoured a conciliatory stand towards the Iranians - said: "Such an idea [the arms embargo] is not reassion - in only a political expression - in to please Kuwait and Saudi other words it would have a Arabia, which have been step-

A BITTER, long-running dis-pute between the Reagan

Administration and Democratic Senators over an interpretation of the 1972 Anti-Ballistic Mis-sile Treaty has taken a new

twist and threatens to delay Senate approval of the pact to eliminate intermediate-range

Democratic leaders say they will take no further testimony

about the new pact from Administration officials in the

treaty ratification hearing

unless agreement is reached.

The feud is over the Adminis-

tration's efforts to reinterpret the ABM Treaty to allow space

tests of Star Wars defence tech-

PRINCE NORODOM Sihanouk

hinted yesterday that he could return as leader of the Kampu-

chean resistance coalition from which he resigned last week in

Khieu Samphan, who arrived here on Saturday to persuade

him to change his unpredictable mind. In a telegram to his son,

Ranariddh, in Bangkok yester-day, Prince Sihanouk said the

Khmer Rouge representative had "strongly insisted that I stay as head of state."

The Prince resigned after

claiming that he had been insulted by Son Sann, who called him a traitor for talking to Hun Sen, but who yesterday sent a message to the Prince

US envoy hits

at Romania

By Judy Dempsey in Vienna

ROMANIA'S human rights

record was sharply criticised by Mr John Whitehead, the US

Deputy Secretary of State, at a

meeting in Bucharest with President Nicolae Ceausescu.

In three hours of talks with Mr Ceausescu, Mr Whitehead

said the President was not will-

ing to discuss certain issues, which included human rights.

"I was disappointed at not

being able to convey successfully to President Ceausescu

the deep feelings that my country has about human rights and the importance of individual

freedoms. He seemed to resent my mention of these subjects."

Mr Whitehead ended his 11.

day trip to Eastern Europe with

a visit to Czechoslovakia.

nology. The Administration has

nuclear forces (INF).

A TANKER was set on fire when Iraqi jets attacked Iran's main oil terminal at Kharg Island yesterday, hours after Iranian gunboats fired on a US-owned tanker in the southern Gulf, regional shipping sources

Approval of INF accord

threatened by ABM row

effect negates the original testi-mony of Nixon Administration officials in 1972.

Democrats are incensed by

what they see as a violation by the Administration of the Sen-

ate's constitutional role in trea-

ty-making. They had hoped to use the Administration's desire for early approval of the INF accord as a lever to persuade Mr George Shultz, the Secretary of State to in effect regulate.

KHMER ROUGE LEADER VISITS PRINCE IN PEKING

Sihanouk hint of reconciliation

BY ROBERT THOMSON IN PEKING

Hun Sen, the Premier of the current Vietnamese-backed

regime in Kampuchea, whom he

has met twice in recent months to try to negotiate a solution to

curious stream of handwritten notes and statements to diplo-

mats and journalists. Yesterday he released the telegram and an

idiosyncratic description of the homage paid to him by Khieu

The Prince explained that he needs a "period of reflection" before responding to the Khmer Rouge leader's request that he withdraw his resignation,

though he claimed last week that the decision is "definitive,

Even though he is uncomfort-

irrevocable, and irreversible."

Rouge and the Chinese Governand members of his family were between the two countries, ment for his peace talks with murdered by Khmer Rouge sol-said the ministry.

BY LESLIE COLITT IN BERLIN

THE East German authorities

Freed activists allowed

to stay in East Germany

THE East German authorities released two sentenced civil to four out of the 20 civil rights

rights activists at the weekend supporters released at the and, for the first time, allowed weekend. They said the docu-

and, for the first time, allowed-them to remain in East Ger-ments would allow them to

The two men were given six six months, month prison terms recently Such passports, valid for

and were among at least seven travel to the West, were previ-civil rights campaigners still in ously given to East German

custody. The East German Prot-estant Church intensified its civil rights activists.

efforts to obtain the release of the four East Germans said they hoped the issuing of such sentenced civil rights activist passports meant East Germany and to allow her to remain in wanted to solve political con-

East Germany.

The civil rights supporters Mrs Baerbel Bohley and Mr were arrested after attempting to join an official rally in East

Spend the next six months in

missiles by half.

devised a "broad" interpreta- of State, to, in effect, repudiate tion of the treaty which in the "broad" interpretation.

The Prince was clearly responding to coaxing by a leader of the Khmer Rouge, rest to remain idle, and sent a

urging him to reconsider.

Most diplomats believe the Even though he is uncomfortable in the company of the

prince is holding out for Khmer Rouge — he has called approval from the Khmer Khieu Samphan a "psychopath"

officials in 1972.

The Soviet Union and the US agreed to disagree about the agreed to disagree about the Soviet negotiators are once again linking limits on space testing to talks in Geneva on a pact to cut long-range nuclear missiles by half.

have agreed with Senate Democrats to write a letter stating that testimony by Administration officials about the INF accord would be legally binding. However, he revised his letter at the insistence of Republican conservatives.

Late Friday Senator Robert Bird, the majority leader, and Senator Sam November 1972.

The sources said the attacking aircraft roared over Kharg in the morning and a tanker was hit. They could not identify the vessel but said it was still on

ping up their pressure for such value more symbolic than real." The Sultan's remarks, coming at a sensitive time in Western move in recent days.
Attention at the UN is efforts to persuade the Soviet Union and China to go along with an arms ban, are unlikely focused on a draft proposal, put together by Britain as last month's chairman of the Security Council, for a two-year mandatory ban on sales of arms

The Secretary is reported to have agreed with Senate Demo-

Late Friday Senator Robert Bird, the majority leader, and Senator Sam Nunn, chairman of the armed services committee.

wrote to Mr Shultz warning him that without an agreement the Senate would have to go through a time-consuming process of examining the negotiating records and writing its own understanding of the treaty's

meaning - a process which could undermine the ... ratifi-

diers - the Prince needs the

coalition to back his claims to

the Kampuchean leadership,

while the coalition needs the Prince to lend credibility to its claims to be the rightful Kam-

Meanwhile, China has rejected a Vietnamese proposal for a ceasefire on their shared

its by border residents to cele-brate the Chinese new year next week. There has been spo-

radic fighting on the border

since China attempted to "teach a lesson" to Vietnam in 1979

after its invasion of Kampu-

spokesman said conditions are not suitable for bilateral talks

not suitable for bilateral talks on border exchanges, as Vietnam has been shelling Chinese territory "until very recently": "we hope that the vietnamese side will take some solid steps for the improvment of relations

return to East Germany within

A Chinese foreign ministry

chean Governmer

said, Reuter reports from

fire five hours later. iranian gunboats on Sat-urday attacked the 64,140tonne Liberian-flag tanker Diane with bullets four miles off the United Arab Emirates (UAE) port of Mina Sagr, starting a fire

and spare parts and on the prorision of training facilities to

It was also reported in Kuwait yesterday that Sheikh Zayed al-Nahayan, president of the United Arab Emirates, had

for Hawke

AUSTRALIA'S Labor Party Government suffered a stinging electoral rebuke over the weekend, losing its

first test of voter support since being returned to an historic third successive term in last July's federal

The defeat came at the

The outcome is also sig-utilicant because it portends

problems for Mr Barrie Unsworth, the Labor Pre-

mier in Australia's most

important state of New

South Wales, who must call an election soon. New South Wales is the principal power base for the Labor government federally.

Equally, the by-election

result is a boost for the

flagging fortunes of Mr John Howard, the Liberal leader, and for the chances of Mr Nick Greiner, who is

beading the Liberal charge in New South Wales.

The Adelaide result was a

surprise because the Liber-als have held the seat only

once since 1943.

The Liberal candidate, Mr

Mike Pratt, won 44.2 per cent of primary votes against 38 per cent secured by Mr Don Farrell, a former

research assistant for Mr Hurford. Among the other

seven contestants, the can-didate for the Australian

per cent. Once preferences are distributed, the Liberals

are expected to gain 52 per cent of the vote.

The Adelaide campaign was notable for its concen-

tration on a single issue, a controversial proposal that Australia Telecom start timing local telephone calls instead of making a single besie of the start of th

basic charge. Mr Hawke, to the com-

plaints of party activists, initially supported the plan but then confusingly modified his position. The Liber-

als exploited the issue and yesterday, in a triumph of

politics over reason, Mr Hawke said the time-charge

proposal would not now go

The Telecom plan arose from the sharp increase in the number of telephone lines taken up with lengthy computer and facsimile

machine hook-ups. It was an

attempt to make the Tele-com's tariff structure more

rational by introducing the "user pays" principle.

nificant because it porten

Election

setback

which the crew put out, the sources said.

The attacks, the fourth by Iran and the third by Iraq this month, heightened shippers' fears of a new cycle of Gulf violence after raids on

resume a dialogue with the UAE, acting on behalf of the six

ships cased in January.

immediate plans for such a Western dipiomats see Iran's

latest manoeuvrings as an effort to drive a wedge between the Gulf states, and chip away at the common Arab front against it formed at the Amman summit in November. It appears to be having some success. A fierce propaganda war, for example, has broken out again between Iraq and Syria member states of the Gulf Cooperation Council.

Mr Rashid Abdullah, the UAE
Minister of State for Foreign
Affaire cells the Gulf Coover attempts by Damascus to
mediate between Iran and the
GCC, breaching an agreement at
Affaire cells the Gulf Coover attempts by Damascus to
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Affaire cells the Gulf Coover attempts by Damascus to
mediate between Iran and the
GCC, breaching an agreement at Affairs, said there were no broadcasts.

Khomeini boosts economic reforms

AYATOLLAH Ruhollah Khomeini, Iran's revolutionary leader, sought to give new impetus to long-stalled economic reforms at the weekend by setting up a high-level body designed to settle ideological disputes between radicals and concertatives in the Corner. conservatives in the Govern-Iran's official media reported that Ayatollah Khomeini had

that Ayatollah Khomeini had ordered the creation of a special assembly, composed of six senior clerics and seven top government officials, to decide on a number of far-reaching pieces of legislation on issues ranging from land reform to nationalisation of foreign trade. The Ayatollah's rolling, which followed an appeal for intervention from the five most powerful government figures, is hands of the opposition Lib-eral Party in a traditionally safe Labor seat in Adelaide. The Liberals needed a swing of 6.5 per cent to win and secured it easily on a low turnout put at 79 per cent. Although Labor retains a comfortable majority in the 148-seat national Parliament, the Liberal victory was a setback for Mr Bob Hawke, the Prime Minister, who had campaigned strongly for his party's candidate. He accepted responsibility for the defeat yesterder. powerful government figures, is the firmest indication to date that he is trying to set the war-weary Iranian economy on a more radical course following several years of stalemate

between reformist elements and the conservative clergy. This has left Iran, which cele-brates the ninth anniversary of its Islamic Revolution this week, with incomplete laws covering such crucial areas as the ownership of industries and

of farm land. Last month, the Ayatoliah bolstered the position of the reformers - who favour a big increase in state intervention in the economy - by decreeing that the Government has near-absolute powers which can even override Islamic laws.

This was seen as a blow to



Khomeini:blow to conservatives

which has strongly backed the rights of the private sector.

Although membership of the new assembly includes all six members of the Council, it appears weighted against them. Other members include Mr Rafsanjani, President Seyyed Ali Khamanei, and Khomeini's son Ahmad.

The Ayatollah stressed that it is the majority opinion that will count. He made clear which side he is on by backing "the interests of the Islamic Republic and the people" against establishment religion.

In their appeal for assistance, the five leaders said Khomeini's earlier religion.

earlier ruling had "theoretically removed difficulties seen to be in the way of legislation and the administration of Islamic society". But they stressed that decisions on putting that into the Council of Guardians, a decisions on putting that into body composed of senior clerics practice were urgently needed.

Argentina blocked over loan from IMF

BY TIM COONE IN BUENOS AIRES

THE ARGENTINIAN team and in which the IMF is appar-negotiating with the Interna-tional Monetary Fund returned Defence spending this year to Buenos Aires at the week-end, still without agreement on the release of the third \$225m (\$125m) tranche of a standby

The team, headed by Mr Jose Luis Machinea, president of Argentina's Central Bank, has been in Washington for the past week discussing monetary and fiscal targets for 1988 with IMF officials.

Urgent meetings were taking place over the weekend between the negotiating team and Mr Juan Sourouille, Economy Minister, and Mr Mario Brodersohn, Finance Secretary, to see how further adjustments

could be made.

The proposals which Mr
Machinea took to Washington
last week included a reduction in the fiscal deficit to 2.2 per cent of GDP, down from over 6 per cent in 1987, but which has apparently not satisfied or conrinced IMF officials.

Two areas reportedly continuing to create conflict are the education and defence budgets, both of which are sensitive political areas in Argentina,

has been targeted at 2.5 per cent of GDP, a fraction up on 1987, but substantially down on the 7.7 per cent of GDP at which it stood in 1985.

On Friday, military chiefs of staff again emphasised to President Baul Alfonsin the need for more funds.

The standstill in the IMF negotiations comes just one week before the Government is scheduled to pay out some \$350m in principal and interest payments on its dollar-denomi-nated Bonex bonds, and for which the government was hop-ing to have in hand the IMF standby tranche and a further \$641mn from its commercial creditor banks, disbursement of which is conditional on the IMF agreeing to release its funds.

If the Government is obliged to pay the Bonex bonds out of reserves, it is expected than any further scheduled debt service payments to creditors will be suspended until agreement is reached with the IMF, due to the critical state of Argentina's foreign exchange reserves.

Hitch for longer bank hours in Spain

ing hours in Spain and of a moderate wage increase for the sector have suffered a setback, following a referendum among bank employees to approve the terms of a framework agree-ment negotiated last year by the unions and the national ssociation of private banks. Leaders of the three main unions agreed yesterday that Thursday's poli, among Spain's 150,000 bank employees, had been a virtual dead heat, and the final result would be announced next week following

Even if the referendum even Even if the referendum even-tually shows a narrow majority in favour of the agreement, union officials said that negoti-ators would be unlikely to sign it because of the absence of a decisive mandate. The result effectively puts the agreement, hailed as a breakthrough last October, on the shelf.

The officials said rank-and-file opinion had swing against the proposed terms of salaries and working hours, following developments at the end of the year which point to a largescale reorganisation by way of mergers among Spain's top

seven private banks.

Two - Banco de Bilbao and
Banco de Vizcaya - announced their merger last month but their merger last month but gave no guarantee on job security for their respective
employees. Further such bank
mergers, with the accompanying prospect of significant
redundancies, are widely expected during this year.

The green light for afternoom
banking had long been sought
by the big banks. The originalagreement had envisaged 20
per cent bank branches, staffed
by 20 per cent of employees,
remaining open until 5pm.

Portuguese unions protest at reforms

By Diana Smith in Lisbon

PORTUGAL'S TRADE-UNION confederations are putting pressure on the Cavaco Silva gov-ernment in the lead-up to the parliamentary debate of labour reforms aimed at making dis-

reforms aimed at making dis-missals less difficult.

At the weekend, the General Confederation of Portuguese Workers (CGTP), once domi-nated by the Communist party but now more independent, staged the largest profest

march in recent years.
Some 80,000 workers thronged Lisbon's avenues to demonstrate against reforms they consider worse than the anti-worker laws of the Salazar era. This opinion is shared by the General Union of Workers. It has walked out of the incomes board and called for a general strike when parliament debates the reforms. The Gov-ernment has also drawn man-

agement and union fire for its 1988 wage policy. The Confederation of Portuguese Industry, the manage-ment confederation, refused to sign the 1988 wage pact, deem-ing 6 per cent inflation and 5 per cent wage targets too high. The CGTP refused, because it

considers wage targets too low.
Workers at Lisbon's public
transport corporation have gone on strike for four hours a day for a month because management rejects the 11 per cent-wage rise they seek.

Findings today on Waldheim By Judy Dempsey in Vienna

THE international commission of historians set up by the Aus trian Government to investigate the wartime activities of Mr Kurt Waldheim, the Austrian President, presents its findings

A summary of the report will be handed to Mr Waldheim this afternoon and the commission will give the full report to Mr Franz Vranitzky, the Chancel-

It is unlikely that the report will find Mr Waldheim guilty of war crimes. However, it is expected the report will show that he knew about deportations, a charge he has always

At the weekend, Mr Jean Vanwelkenhuyzen, a member of the commission, returned from Yugoslavia saying he had found unpublished documents which apparently throw added weight behind the commissions's con-

FINANCIAL TIMES

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Candidates line up on Iowa launch-pad

time of the lowa caucuses in 1980. The first wave of news

reports after lowa, he says, will



Gephardt: volunteer army.

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BUSINESS
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Workers and Machinery Movers of St Louis, Missouri, is sitting in the Citi-Deli in downtown Des Moines crouched over a street map of the Iowa city's most densely populated area.

Together with four of his with backers of the other candidates trying to persuade them alleasures their minds. their Saturday afternoon sched-ule. Mr Butler is part of a 600-strong army of volunteers who have flooded into lowa from neighbouring Missouri. They have joined hundreds of lowans and well over 100 paid profes-

Gephardt ('blond ambition' as attend the conventions. the press has nicknamed him) emerges victorious in the first major test of the presidential election year - the lowa pre-cinct caucuses tonight. Other volunteer armies are

working for rivals such as Senator Paul Simon of neighbouring Illinois but they are unlikely to be able to match his. They are all fighting for a share of the meagre 200,000 or so top, the political momentum top, they which will be east in from a victory in long and votes which will be cast in from a victory in lows could Democratic and Republican party caucuses.

I from a victory in lows could propel him into the White House, as it did Mr Jimmy

What these voters will be Carter in 1976, doing in theory at the 2,487 How lowa's c How lowa's caucuses can cre- dates, Senator Al Gore, a Demoprecinct sites will be spending ate such political momentum is crat from Tennessee, and Gen-

MR BILL BUTLER, president of Local 396 of the International Association of Bridge, Structural and Ornamental Iron Wischen and Machinery Manager and Ma lican delegates to the party conventions in July and August.
Unlike presidential primaries.

to change their minds,
But the seven Democrat and
six Republican presidential candidates have not invested
months of their time and more than \$10m of scarce campaign funds in a state with less than 1.5m voters just to try to win the allegiance of less than 2 per sional campaign staff hard at 1.5m voters just to try to win work trying to ensure that St the allegiance of less than 2 per Louis Congressman Richard cent of the delegates who will

What the politicians and the news media will be watching is the judgment these 200,000 largely white, mainly small town Americans are passing on the field of presidential candi-

be all about who won and lost and will give the winner high visibility particularly in New Stewart Fleming reports from Des Moines on the day when the first crucial votes are cast in the

US election campaign

Hampshire where the presidential primary on February 16 is the second big test of strength. By next Wednesday, he says, the television and newspaper reports will be describing how brilliant the strategy of the winner in lowa was. On Thurs-day it will all be why the losers are idiots. Then, on Friday, new Depending who comes out on polls will show Monday's winner is doing better than he was before the lowa caucuses. about this process however.

There is no inevitability

Indeed, this year, two candi-

Sen Gore is apparently calculating that Governor Michael Dukakis of Massachusetts, the probable winner in New Hamp-shire, will not win decisively in lowa as well. He believes that he will then be able to chal-

home turf, the South. Even lowans are beginning to admit that a presidential elec-tion process which can give so much influence to 200,000 vot-ers in state which has only 1.5m registered voters is a little whacky. Even some of those involved in organising the caucuses, which have been a \$40m bonanza for the state, suspect that this is probably the last time lows is allowed to play so

Indeed, if the southern states had not miscalculated, it would not be doing so this year. would have primaries or cau-

powerful a role.

All that has happened, how-ever, is that the candidates tion on the earliest hurdle lowa, in an effort to build momentum for Super Tuesday. Among other things, most cal-culated that they could not afford to wait to compete in 20 states at once without the political momentum and the media attention from victories in lowar lenge the two or three front-runners who emerge after the New Hampshire vote on his or New Hampshire.

Instead, they are putting their political fates in the hands first of lowa's caucus-go-ers. For the Republicans that means, in essence, on the outcome of a straw poll of of those attending when they enter the doors of the caucuses. For the Democrats it is more

complicated. Since no votes count if a candidate's support ers do not have 15 per cent of the voters in the room, the cau-cuses will break up into horse trading and tactical voting. Then, the quality and ability of each campaign's representa-Party leaders, especially tives, and the wisdom of their Democratic, tried to make the tactics will be crucial in helping tactics will be crucial in helping more populous southern states to decide whom the party the focus of this year's selection process by deciding that on March 8, so-called Super Tues—much "better than expected" day, 20 states, including big that, like second-placed Senator ones like Florida and Texas, Gary Hart in 1984, he should be annointed the winner

المكذا من الاصل

3

the Dublin to Cork train set off, at 7am. The question is not

why we are here, but are we here?" remarked a droll Ulster-man. Such existential conun-

drums occupied us all the way to Limerick Junction. So did a full, Irish-style, fry-up break-fast. By the time the tiered

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Onshore search for oil stepped up in Australia

BY STEVEN BUTLER

OIL DRILLING in the Far East pensated for by a success ratio rose by 12 per cent in 1987, which increased from 39 per with most of the increase cent to 40 per cent.

accounted for by a doubling of drilling onshore in Australia, according to a report by Wood Mackenzie, the Edinburgh-based stockbrokers.

Excluding the increase onshore in Australia and a 71 future Malaysia was also seen per cent increase in offshore as potentially more promising drilling in China, which started from a much lower base, drilling throughout the region declined by 30 per cent.

ling throughout the region declined by 30 per cent.

The increase onshore in Australia may also be less significant that it appears because drilling offshore, where the higgest finds tend to be made, dropped by 47 per cent.

The overall increase in Australia was further balanced by a sharp fair in exploration in Indonesia, where activity reached a five-year low. Exploratory wells declined by 51 per cent to 77 in number. This decline was partially com-

Italy nearer heavy lira

BY JOHN WYLES IN ROME

crat, should be superseded and ment last year. The new liral by what He wants to hang on would be worth 1,000 times the until his party's Congress at the present unit, enabling Italian end of April, but there are powaccountancy to shrug off the erful forces within the Chrisbillions and trillions which cre-

THE ITALIAN cabinet adopted proposals at the weekend for assertion of authority which Mr Government, led by Mr Giovernment, led by Mr Gio

tian Democrats anxious to have ate confusion. The last parlia-him out of office immediately ment showed no interest in giv-after the budget has been ing the legislation any priority finally adopted two to three and government hopes of hav-weeks hence. In git passed by the end of this The cabinet meeting on Satur-year could easily be frustrated.

Greece cool to Turkish lifting of property freeze BY ANDRIANA IERODIACONOU IN ATHEMS AND DAVID BARCHARD IN LONDON

GREECE has reacted with res- worth an estimated \$300m.

Switzerland. Athens had demanded abolition of the decree, with retroac-tive effect, as a condition for withdrawing objections to a revival of Turkey's 1963 Asso-

Prime Ministers who met in

ciation Treaty with the European Community.

The decree, introduced in 1964 after a flare-up between the Turkish and Greek communities in Communities and communities in Communication of the communities o

the Turkish and creek commi-nities in Cyprus and renewed two years ago, has never been published officially.

It was aimed at ethnic Greeks from Istanbul who were trying to sell property in Turkey after moving to Greece. Officials in Athens say about 50,000 people could benefit from the lifting of to sell property in Turkey after yesterday after the Palestinian moving to Greece. Officials in Liberation Organisation said that it had succeeded in securculd benefit from the lifting of the restrictions. The decree affects some 3,000 properties on Wednesday for Haifa.

ervation to Turkey's announcement that it is lifting a 1964 decree freezing Greek assets in government said that, depending on the legal interpretation announced last Friday, law days after an agreement to decree upon the lifting of the improve strained bilateral relations by the two countries. Papandreou, the Prime Ministers who met it and the result of the relation with Metallic and the relation of the decree of the days after an agreement to decree upon the lifting of the days after an agreement to decree of the days after agreement to days afte ter, at another meeting with Mr Turgut Ozal, his Turkish counterpart during the Nato summit in Brussels at the beginning of

> Foreign Ministry officials were more explicit, saying that Athens would not sign a special protocol making Greece a party to the Turkey-EC association treaty unless retroactivity were

A -voyage by sea from Greece to Israel by 100 Pales-tinians expelled from the occu-pied territories was on again

SHIPPING REPORT

Dry cargo rates continue their upward trend

MOST EYES remained fixed on the dry cargo market last week as rates continued to move up, and the strength of Atlantic and Pacific business began to spread. The key US Gulf/Japan Panamax rate moved up to \$25, followed by steady improvement in the Gulf/Continent rate to around \$16.

A large number of time-charter fixtures were also reported, with a peak of \$16,250 for a Panamax trip to Japan, although this rate later slipped, and another Panamax was fixed at \$15,000 plus a ballast bonus of \$300,000.

Brokers said the upward

last bonus of £300,000.

Brokers said the upward movement was based on Soviet demand, topped up by a shortage of tomage in the Atlantic. Denholm Coates, the London brokers, said there was still some momentum behind the rising market

of 37,000 tons deadweight in Japan for South Africa and the Continent at \$7,500. A heavily geared ship of 24,000 tons was fixed at \$6,000 for a time-charter trip from the Red Sea via Brazil to Japan.

The tanker market benefited from a movement of combina-tion tonnage into the dry cargo trades, which helped to bring supply closer in line with demand.

Brokers said there had been several VLCC fixtures in the Gulf for both eastern and western destinations at rates of around Worldscale 32 and 29 respectively. About 36 vessels of some 10m tons total remain in the area seeking employment however.

ment, however. The sale and purchase market some momentum behind the rising market.

Pacific timecharter levels ships including the Astor, originally built for South African \$10,000, and charterers were interests, and said to be interested in a ship able at around DM98m (\$58m).

WORLD ECONOMIC INDICATORS

lagan Belgium Ketherlands Taly	8.363 14.174 27,765	8,080 13,870 26,125	7,972 13,285 22,408	37,657 4,630 9,583 18,132
	Nov. 187	Oct.'87	Sept.'87	Nov.'86 28.222

Irish join C & W's Atlantic venture

By Terry Dodeworth

CABLE & WIRELESS, the UK company which is build-ing the first privately-fi-nanced transatiantic telecommunications cable, has achieved a breakthrough in Burope by attracting fund-ing from Telecom Eireann, the Irish public telephone

authority.

The Ir£20m (£17.9m) investment in the optical fibre cable system coincides with the announcement that STC of the UK will lay a submarine spur from the main line to a point in Cork.

The significance of the Irish deal is that it may persuade other publicly-owned European telephone authorities to invest in the C & W cable, which is jointly financed with US partners. The publicly held groups are all participants in the present co-operative system of transatlantic cables, and up to now have been reluc-tant to do deals with a pri-vate group which to some degree represents a chal-lenge to their network. In Ireland, the agreement with C & W and its US col-

laborators is seen as an important element in developing Dublin's international

financial services centre.

BY LOUISE KEHOE IN SAN FRANCISCO HITACHI AND NEC, two of Japan's largest makers of micro-chips, have announced plans to increase their US production, citing increased US demand and the rising value of the yen, which makes production in the US more cost-effective. begin operations in May 1989, producing memory chips micro-processors and semi-custom

NEC, meanwhile, announced plans to expand memory chip production at its plant at Roseville, California, from a current level of 3.5m chips a tive. Hitachi said it would build its month to 5m by the second half of this year. NEC's planned increase in US production of 256K dynamic random access first wafer fabrication facility in the US at Irving, Texas. The company now imports Japanese-made memory chips to the US and tests and packs them in Texas. The new plant is to month to 5m by the second nair of this year. NEC's planned of this year. NEC'

Kieran Cooke has a day out at Murphy's Brewery with the Taoiseach

Cork's stout-hearted way with the Dutch

DREAM assignments, like rainfree Irish days, are rare. But
lunch in a brewery with the
Republic's Prime Minister, Mr
Charles Hanghey, was too good
to miss.

Second mistress of Louis XVI of
stout, the silky drink of every
self-respecting Cork man for
more than 100 years, would be
no more.

Salvation came in the form of
the Heineken group from the
Netherlands. It has invested
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Since the signature of the ture because, for the purposes companies stand to gain higher agreement, US-Japanese semi-conductor trade figures have the trade pact, exports and only exacerbate trade friction.

anese government in response to US initiatives over trade by tween the two countries.

Almost two years ago, the US and Japan signed a bilateral trade agreement on semiconductors, intended to address US the agreement and has imposed limited sanctions, in the form of ductors, intended to address US 100 per cent import tariffs, on complaints about alleged Japanese dumping of DRAMs in the US semiconductor industry officials said yesterday that the Japanese companies plans for increased US chip production would not affect the trade picture because, for the purposes imports are counted by the doubt the location of the manufacturation facility. The Japanese moves are seen, rather, as a response to the rising value of the yen against the dollar. "The economic factors must have outweighed political considerations in these decisions," said one US industry observer.

By increasing their production in the US, the Japanese companies stand to gain higher the US and the location of the manufacturation facility. The Japanese moves are seen, rather, as a response to the rising value of the yen against the dollar. "The economic factors must have outweighed political considerations in these decisions," said one US industry observer.

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By increasing their production in the US, the Japanese companies stand to gain higher

naries to fight in the French army. Luisa, known to the French as La Petite Morphy, had two sons who brought the original barley oats from France to start brewing in Cork in the mid-19th century. That's the story told in the brewery bar anyway.

The Murphy family ran the business until after the second world war. Watneys from Britain moved in, then out again. A co-operative of bar owners are with a start of the tentury to fast. By the time the tiered streets of Cork came into view, a few lips were wet with anticipation.

Murphy's Brewery in Cork has a somewhat chequered past. Liisa O'Murphy was the list. White the tiered streets of Cork came into view, again. A co-operative of bar ted in well. Men talking in high-pitched Cork accents, only a hint of the patter of the flash that murphy's line of the patter of the flash and with the bank. In the bank in the patter of the flash as a somewhat chequered past. Liisa O'Murphy was the list.

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stramax erators consider the loftier aspects of business.

Room at the top makes the Astramax van a more accommodating business proposition than its major rival.

Even so, holding more is only part of the story of why Astramax more than

holds its own against the competition.

Drivers find the extra height and doors that open through a full 180° are that much easier for loading and unloading.

Turn-around time gained here could be very useful when you're running busy schedules.

The shape of Astramax isn't simply a matter of style. Careful attention to aerodynamics gives Astramax a drag coefficient similar to a modern estate car.

There's less work for the engine (petrol or diesel), more miles to the gallon. Major service intervals are 9,000 miles apart (or twelve months).

All factors that look **BED**



fleetscale.

Evaluating the suspension system isn't likely to be high on your list of priorities when choosing a van. But as the trade press uniformly report, it's the difference between the Astramax's good roadholding and the indifferent handling of other vans.

> Even seemingly minor details don't go unnoticed on Astramax.

The larger side panels provide more room for a bolder company livery. Very useful for when you want your

image to speak volumes.

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2000's	Company	Price	OR Week	div (p)	%	PIE
6322	Ass. Brit., Incl. Ord	187	+1	8.9	4.8	7.0
-	Ass, Brit. Ind. CULS	189	+1	10.0	5.3	
	Armitage and Rhodes	27	+1			
	BBB Design Group (USM)	54	-1	21	3.8	
101146	Bardon Group	155	ā	2.7	1.7	26.5
856Z	Bray Technologies	148	+2	4.7	32	11.6
875	CCL Group Ordinary	250ml	+2	11.5	4.6	6.4
	CCL Group 11% Cosy Pref	130	+2	15,7	121	,
16686	Carbonundun Ord	191	0	5.4	41	22.4
707	Carbornodan 7.5% Pref	101.	Ğ	10,7	aor	•
3248	George State	176md	+5	3.7	2.1	4.5
5497	lsis Group	69	+1	-	•	•
9582	Jackson Group	92:4	Ō	3.4	3.7	10.2
26122	Matchouse N.V.(AmstSE)	335	ō	7.5	22	13.3
14500	Record Holdings (SE)	58	Õ	2.7	4.7	11.7
	Record Hidgs 10% Prf (SE)	112	ē	14.1	126	٠.
510	Robert Jenkins	50	Ŏ			2.2
	Scruttons	324sus	ŏ	5.5	4.4	4.9
	Torday & Carlisle	195	-2	6.6	3.4	9.5
	Trevian Holdings (USM)	58	-5	2.7	4.7	6.2
	Ualioch Holdings (SE)	62	+2	28	4.5	11.4
	Walter Alexander (SE)	160	+4	5.9	3.7	11.9
	W. S. Yestes	231	+6	17.4		23,1
	West Yorks (ms.Hosp (USA)	125	-5	5.5		13.3

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SUDAN GEIZRA BOARD and NATIONAL RURAL WATER DEVELOPMENT **CORPORATION (CENTRAL REGION) INVITATION FOR BID - WORKSHOP TOOLS**

> Tender No: GRP 101 Tender No: GRP 102

The Republic of Sudan has received Credit from the international Development Association (IDA) in various currencies towards the cost of the Rehabilitation of the Gezira Scheme and it is intended that part of the proceeds of this Credit will be applied to eligible payments under the Contract for the Supply of Workshop Tools and Equipment to the Sudan Gezira Board and the National Rural Water Development Corporation, (Central Region).

2.Acting for end on behalf of the above organisations the Rehabilitation Project Management Unit (RPMU) now invites sealed Bids from eligible Bidders for the supply of:

Lot 30 - Workshop Consumables

Lot 31 - Garage Equipment, Servicing
Lot 32 - Garage Equipment, Repair & Reconditioning
Lot 33 - Powered Hacksaw Machines Lot 33 - Powered Hacksaw Machines Lot 34 - Drill and Tool Grinders Lot 35 - Hand Held Portable Electric Tools Lot 36 - Drawing Boards & Drawing Office Supplies Lot 37 - Electricians Tools & Equipment Lot 4 - Gentry Cranes, Floor Cranes, Chain Blocks Rigid Towing Bar Lot 5 - Drilling Rig Accessories Lot 6 - Capstan Latines **GRP 101** - Centre Latines (Large) - Centre Latines (Medium) - Centre Latines (Small) Lot 10 - Slotting Machine Lot 11 - Vertical and Horizontal Milling Machines Lot 13 - Verscal and Portscripts reading Managings
Lot 13 - Shaping Machines
Lot 15 - Drilling Machines
Lot 18 - Are Welding Equipment
Lot 19 - Wood Working Machinery
Lot 20 - Compressors and Spray Painting Equipment
Lot 21 - Melting Furnace, Crucibles, Annealing Oven
Parameters Pyrometers Lot 27 - Railway Pit Jack Lot 28 - Reliway Traversing Jack Lot 1 - Truck Cranes and Mobile Cranes **GRP 102**

Lot 22 - Crankshaft Grinding Machines
Lot 23 - Sheet Metal Machines
Lot 24 - Diesel Powered Generating Set
Lot 25 - Oxyacetytene Profile Cutting
Lot 26 - Diesel Pump Test Bench
Lot 29 - Dynamometers GRP 100 will be available from 6 February 1988 and GRP 101 and GRP 102 will be available on 13th February 1988 and 20th February 1988

Lot 17 - Automobile and Truck Lifts

Electric Overhead Travelling Cranes

Lot 3 - Fork Lift Trucks Lot 12 - Universal & Horizontal Milling Machines Lot 14 - Surface Grinding Machines Lot 16 - Forge Hammer

3. Interested eligible Bidders may obtain further information from and inspect the bidding documents at the office of the Executive Director of the RPMU, PO Box 3918, 6th Floor. Tower 2, Sudanese Kurwati Centre. Sharis EL Nii, Khartoum, Sudan (Telex 22224 RPMU) OR at the Crown Agents for Oversea Governments and Administrations, Middle East Department (BA2), St Nicholas House, St Nicholas Road, Sutton, Surrey, England (Telex) 916205 CALOND).

4.A complete set of Bidding Documents for each Tender or Part Tender may be purchased by any interested eligible Bidder on the submission of written application to the above and upon payment of a non-returnable fee of Sudanesa Pounds 900 or US Dollars 200.

5.All Bids must be accompanied by a security of not less than two percent (2%) of Bids amount and must be delivered to the RPMU offices on or before 10.00 hours on 2nd April 1988 GRP 100, 9th April 1988 GRP 101 and 16th April 1988 GRP 102.

6.Bids will be opened in the presence of those Bidders' representatives who choose to attend at the office of RMPU at the address given in paragraph 3 above at 10.00 hours on the respective Bid opening date.

dated 27 January Credit No 1388 SU IFB No GRP 100/101/102 London

Irish to tread softly amid more Stalker revelations

THE IRISH Government intends to deal "very carefully" with British ministers over the vexed issue of the Royal Ulster Constabulary despite a further wave of controversial revela-

wave of controversial revelations about the force contained
in a book published today by
Mr John Stalker, the former
Deputy Chief Constable of
Greater Manchester.

In the book, Mr Stalker, who
spent two years investigating
allegations that the RUC had a
"shoot-to-kill" policy in 1982before he was removed suddenly from the inquiry, says he
recommended the prosecution
of 11 RUC officers up to the
rank of Chief Superintendent
for a variety of criminal rank of Chief Superintendent for a variety of criminal offences, including conspiracy to pervert the course of justice. He said he wanted access to an tape recording by MI5, the British intelligence agency, of an incident in which a 17-year-old youth was shot dead by police which he believed would have supported further charges of perjury and possibly murder. He wanted to conduct formal interviews with very senior interviews with very senior police officers, including Sir John Hermon, the Chief Constable, who he says, along with RUC Special Branch, obstructed his investigations. He did not conclude there was a "shoot-to-kill" policy but "a police incli-nation to shoot suspects dead

MOST employers benefit from

MOST employers benefit from providing work placements for young people on the Youth Training Scheme, but only because they provide relatively basic training, according to a report prepared for the Manpower Services Commission.

In about 85 per cent of traineeships, in which companies provide foundation training, employers benefit by an aver-

provide foundation training, employers benefit by an average of almost £400 per trainee. The average payroll costs of £470, and supervisory costs of £670, per place, are outweighed by the value of the work done. This was on average £1,290 per trainee, with an additional \$290 coming from MSC greats

\$280 coming from MSC grants.

In contrast, offering a training akin to apprenticeship costs employers an average of £830



without warning rather than to

arrest them."

Mr Stalker said the effect of his inquiry on the RUC, had it been made public, would have been "shattering" as it coin-cided, in mid-1986, with severe pressure on the force from Loy-alist protests against the 1985

Employers profit from trainees

The report, based on an detailed analyses of YTS pro-grammes run by 53 companies, shows that where training is

relatively simple most YTS trainees are fully proficient in their jobs by the time they com-

plete their work placements. One of the scheme's big defi-ciencies is that the training pro-vided is often relatively basic.

Small businesses, employing

fewer than 25 workers, gained the largest benefits from the

scheme, according to the report.

It estimates that about 40 per cent of the approxiamately 373,000 work placements pro-vided by the scheme displace

•British companies could

trainees falls to \$1.170.

the instigation of a spurious investigation into his own conduct in Manchester, in which he was later cleared. Irish ministers have already

protested strongly at London's recent decision "in the public recent decision "in the public interest" not to prosecute any RUC officers named in the inquiry, which was completed by Mr Colin Sampson of West Yorkshire police. Dublin sought a reversal of this decision and publication of Mr Sampson's report.
Irish officials said yesterday

Irish officials said yesterday they were not expecting Mr Tom King, the British Northern Ireland Secretary, to assent to either request when he meets Mr Gerry Collins, the Irish Justice Minister, and Mr Ray Burke, Energy Minister, for a second round of talks on the issue in Belfast on Wednesday. Dublin is waiting to see what other measures Mr King might offer – for example, details of disciplinary measures against RUC officers – before deciding what to do next.

They expect Mr Charles

They expect Mr Charles
Haughey, the Prime Minister, to
meet Mrs Margaret Thatcher,
the British Prime Minister, for Anglo-Irish agreement, which gives the Irish government limited say in the running of the believes, it was decided at "the highest levels" of Government to supress his findings. He says he was therefore removed by Hanghey, the Prime Minister, to meet Mrs Margaret Thatcher, the British Prime Minister, for a bilateral meeting on Thursday at the European Community heads of Government meeting in Brussels, although no final decision on a meeting is likely until after Wednesday's talks.

power Services Commission

published today.

The report is based on ar

analysis of the 1,132 entrants for last years National Training

Awards, which the commission said amounted to the largest

The report says training programmes at a majority of the companies which entered for the awards suffered from a

lack of clearly specified train-ing needs and objectives.

Equally rare were clear mea-sures to assess the value of

training in terms of work per

Both reports are available from the Manpower Services Commission, Moorfoot, Shef-field, SI 4PQ

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Notice Of Dividends

A dividend of U.S. dollers 0.87 per share is to be paid on or after February 4th, 1988 to shareholders against remittance of Coupon No. 1

Clubs

BA 'will retain all **BCal's** landing rights'

By Liss Wood

BRITISH AIRWAYS intends to retain all British Caledonian's international and domestic landing rights, Mr Colin Marshall, the airline's chief execushall, the airline's chief execu-tive said yesterday in Bahrain.

Mr Marshall, speaking at a
press conference, said British
Airways would merge some
duplicate licences or change
others to reflect BA's \$250m
acquisition of BCal in December.

His comments were particu-

His comments were particulate larly pertinent in the Middle East. BA has already said it will take over BCal's routes to the Middle East and transfer some to Heathrow airport, Britain's biggest, from Gatwick, south of London.

These routes include those to the Saudia Arabian cities of Riyadh, Dharan and Jeddah plus Muscat in Oman and Dubai in the United Arab Emirates.

BA may, however, face difficulties in renegotiating landing
rights with Saudia Arabia since its own airline, Saudia, flies from Heathrow and would be in direct competition with British

Airways.

Lord King, speaking at the same conference, played down a reported dispute between BA and Airbus Industrie, the European Conference of the confere pean aircraft consortium, over the fuel performance of Air-bus's A-320 aircraft.

Lord King said BA would take delivery of the first of the 10 Airbus A-320s under consignment before the scheduled March 18 opening of the airline's new Gatwick terminal in

survey of companies' training yet undertaken. It says it has established a clear link between the quality of training and improved business perfor-The A-320 twin-engined jets were actually ordered from Airbus by BCal in a contract worth

BA is seeking undisclosed compensation from Airbus because of its findings that the A-320s aircraft is operating below fuel economy standards stipulated in BCal's purchase contract.

and he expected the them to perform according to specifica-tion. Engineers from both com-panies will be discussing the aircraft's performance in com-

Seamen face court threat as 3,000 men remain on strike

الغير موروزة و الأحمد عرفية وسيدور أوارية الوالم والموالية المستخدمة الموالي المراكب المستخدمة المستخدمة المستخ

NEARLY 3.000 members of the

NEARLY 3,000 members of the National Union of Seamen were still on strike last night, setting the scene for a key High Court action today against the union by two big ferry companies.

The action, which could lead to heavy fines and the sequestration of union funds, is potentially the most serious taken against a British union since the the National Union of Mineworkers had its funds sequestrated during the 1984-85 strike. strike.

Freight traffic to and from British ports was yesterday returning to normal as most of the 7,000 seafarers in the ferry sector obeyed their union's instructions to end their strike in support of 161 colleagues sacked by the Isle of Man Steam Packet Shipping Company.

But Peninsular and Oriental said last night that it had decided to proceed with the action because it considered a continuing strike by over 2,000 seafarers at Dover and another 200 at Fleetwood to be illegal.

Sealink UK is also taking legal action. Although the NUS ended disruption by 1,200 employed on the company's Dover services at the weekend, over 600 Sealink seafarers continued to strike at Holyhead and Harwich.

Union leaders will say today Freight traffic to and from

Ford Motor was last night braced for its first national strike for almost a decade which threatens to shut its

Union leaders and the company said no farhter talks were planned over a three-year pay and condi-tions offer. Negotiations on the deal foundered lest week as manual workers voted against it. Attention will focus on whether workers at 11 plants which voted to accept the offer, and the 6,000 workers who did not vote, will heed the strike

Printers issue warning over single union deals

ATTEMPTS by the Trades Union Congress, the union umbrella organisation, to minimise conflict between unions over single-union recognition agreements is likely to come under renewed pressure, according to leaders of Sogat, the general print union.

Writing in the latest issue of the union's journal, Mrs Brenda

Dean, Sogat's general secretary, strongly criticises the decision of the EETPU electricians' nion to sign a sole-bargaining Lord King said BA was going agreement with a Finnish-to take all the A-320s on order owned company for a new and he expected the them to paper mill in the west of Scot-perform according to specifica-

only union for the 300 manual workers it plans to employ at its £215m high-technology paper mill in the largely non-polon town of larges

union town of Irvine.

Describing the agreement as a "sweetheart deal with management", Mrs Dean says she conas a "form of trade union canniunionisation." She says that while the TUC

Company Notices

per place, as the payroll costs improve their performance by rise to £790 and supervisory at least 10 per cent by providents to £1,660, while the value ing improved training, according to a report by the Man-

IRELAND USD 100,000,000.-PRIVATE PLACEMENT ISSUE **DUE 1997/2000** (Coupon No 6)

Pursuant to note conditions, notice is hereby given that for the interest period from 6th February 1988 to 6th August 1988 an interest rate of 71/16 pct per annum will apply.

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Reference Agent: The Long-Term Credit Bank of Japan Ltd London Branch Dated 8th January 1988

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(3 year converted note) Cpn No.1

Rate per annum Amount per coupon 75% pct USD 401.28

Payable on

7% pct USD 382.33 29th July 1988 29th July 1988

The Long-Term Credit Bank of Japan Ltd., London Branch Dated 29th January 1988 Published 8th February 1988

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On/IDEND ANNOUNCEMENT
The aroust meeting of shareholders is on 1st February, 1988 has approved payment of a children of USS 9.50 per share to shares subscribed and in circulation on February 1st, 1989
Such Payment being payeble. on repressy 154, 1966 Such Payment being paysible on or after Bin February, 1988 against presentation of coupon number 2 from bearer share

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Notice is hereby given that the rate of interest for the penod from February 4th, 1988 to August 4th, 1988 has been fixed at 7 250at r.cht.
On August 4th, 1988 interest of USS 366.53 per US\$ 10.000 nominal amount of the Notes and warrest of US\$ 366.52, per US\$ 100.000 nominal amount of the notes and warrest for US\$ 366.52. per US\$ 100.000 nominal amount of the notes will be due against interest Couptin.

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#\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ **FINANCIAL TIMES**

IN THE MATTER OF THE

MCTICE IS HEREBY GIVEN pursuant to Section 584 of the Companies Act, 1885 that a General Meeting of the Member of the above runed Company will be held at 1 Wardrobe Place, Center Lane, London ECAV 5AJ on Thursday 3rd Merch, 1988 at 19 s.m. to be followed at 10.15 a.m. by a General Meeting of the Creditions for the purpose of receiving as account of the Liquidenting Acts and Deelings and of the conduct of the Winding-up to date.

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had in the past shied away from taking action against the agreement with a Finnishowned company for a new
paper mill in the west of Scotland.

In the deal, Caledonian Paper,
a subsidiary of Finnish forestry
products group Kymmene, is
recognising the EETPU as the

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, William

Rentals

PRUDENTIAL* MUNTON TERNACE, SW1 \$180pm PHILICO GETTICE OF BM 1999 ST KATREMIES WIT ET ESTSpor Whichest per beginne for alterate clote to St Kallenbast Deck, Ameliates to the highest of attention, only microst part have Ell table 5-54 acousts,

POCKLANIUS OFFICE 01-588 4021 TOMEN BODDE OFFICE 01-587 0011 NOTHE, ROSSFTINE, NOTE, SUIZ SCHOOL FOR THE STANDARD STAN HIGON VILLAS, 148 61200pm not unturbised focus in acquis after Receigin Location. 4 believes, 2 believ Decision com.

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Privatisation of Girobank may be advanced

BY DAVID THOMAS

Workers, the main postal union, has afterted the Labour Party's front bench to that fact, which has been acknowledged by the Department of Trade and Industry, and has asked Labour to be ready to oppose a quick of the act to sell Grobank withsale of Girobank.

The Post Office, which has also been studying the implications of privatising Girobank, has concluded that the Government could invoke this section of the act to sell Girobank withsale of Girobank.

turnover of £325m. It has more than 2m personal accounts and net assets of £100m, and has been expanding its services into options. It would not elaborate options.

campaign remarks, but so far campaign remarks, but so far there has been no news of deci-sions. Most observers expected the sale of Girobank to be some way off, if only because of the need to pilot legislation through Parliament

THE PRIVATISATION of Giro-tion of the 1981 British Tele-THE PRIVATESATION of Girobank, the Post Office's banking subsidiary, may take place separated the Post Office from more quickly than had been expected, because the Government may not need legislation to carry out the sale.

The Union of Communication workers the main postal union.

to be ready to oppose a quick sale of Girobank. The bank became an obvious target for sale when Mrs Thatcher, the Prime Minister, ruled out privatisation of the Royal Mail, but not other Post Office activities such as Girobank and counter services, during the general election campaign.

Girobank last year made an operating profit of \$23.1m on turnover of \$328m. It has more than 2m personal accounts and

needed under some options for privatising Girobank, but might

Industry Department officials have been studying the implications of the Prime Minister's network, because Grobank campaign remarks, but so far there has been no news of decisions. Most observers expected the sale of Girobank to be some legislation to privatise the way off, if only because of the counter service, because that is integral to the Post Office's The Post Office has been duties as they are now legally However, a little-known sec- defined.

Late first-class post 'causing distress'

BY DAVID THOMAS

LATE DELIVERIES of firstclass post are causing economic hardship and personal distress, the National Consumer Council

Mrs Sally Oppenheim-Barnes, council chairman, has written to Sir Bryan Nicholson, Post Office head, citing examples of difficulties resulting from late

deliveries. She said: "Delay in delivering social security payments sent by post can mean real economic hardship for people who depend on them for the essen-

tials of life."
Late deliveries of credit card would not otherwise apply.

Sir Bryan, who became Post Office chairman last year, has acknowledged that the corpora-tion cannot always meet its commitment to next-day deliv-ery for first-class mail, particularly between far-flung areas. The Post Office is investing to improve its service but also

considering other action:

Charging extra to guarantee next-day delivery to far-flung areas – which Mrs Oppenheim-Barnes said "would provide a direct incentive to Post Office staff to make a deteriorating service even worse.'

bills resulted in people having for delayed letters, linked with to pay interest charges that a premium charge - an idea Mrs Oppenheim-Barnes welcomes.

Grosvenor raises £21m

ers, a venture capital group reach the more ambitious target based in Slough, Berkshire, has in the wake of the October raised a £21.7m development stock market crash.

The main investors in the

GROSVENOR Venture Manag- \$25m in September. It failed to

The Third Grosvenor Fund will double total funds under management to more than \$240m. Grosvenor originally set a \$20m target for the fund in early 1987 and raised it to more than the main investors in the mew fund, which takes the form of a limited partnership, are the West Midlands Metropolitan Authority; Postel Investments, British Rail and National Westminster Bank.

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Liverpool gets £½m to ease cash crisis

By ian Hamilton Fazey, Northern Corresponden

THE GOVERNMENT is to increase Liverpool's urban programme allocation by \$500,000 for the next financial year to help to ease the city's continuing financial difficulties.

The extra money will be

announced this week by Mr David Trippier, inner cities minister in the Environment Department.
This follows the Government's refusal to allow the

rate capped city to put up rates by more than 1 per cent in an attempt to bridge an impending budget deficit of \$51m.

It means the city will have £19m to spend on approved projects yet to be decided, possibly enabling a switch of some funding from the city's budget.
Although the amount of

attnough the amount of extra money seems small, the move is financially and politically significant. The Government's original intention had been to cut Liverpool's urban programme finaling Liverpool's arban programme funding.
Politically, this signals some degree of understanding of the city's financial difficulties, while not relaxing rate-capping, a move that would have led other rate-capped authorities to demand similar treatment. It may also help prevent more acrimony between the two sides, which Mr Keva Coombes, Labour council leader, believed would play

leader, believed would play into the hands of left-wingers wanting confrontation. Liverpool wanted to put

rates up by 5 per cent and may now have to cut jobs and services to balance the

budget. However, Mr Coombes has managed such situations successfully before without cuts. When leader of the now abolished Merseyside County Council, he refused to set a detailed budget and ran a very tight ship from

week to week to stay within spending limits.

A similar approach now seems likely - probably lead-ing to greater efficiency with the urban programme funding a key regeneration strategy to clean up Liver-pool's city centre, improve parking and security, and get shoppers and workers back into the retail and commercial heart of Merseyside. A similar drive in Manchester has affected all aspects of city-centre life.

Move to speed building of Thames bridge

THE GOVERNMENT will soon try to remove the main obstacle to early develop-ment of a bridge across the River Thames east of Lon-don between Dartford and Thurrock.

The bridge would be the first privately developed and built, important river

A select committee rec A select commutee recommended a windshield which might cost an extra \$10m to \$15m and delay completion by 15 months.

The Government is expectable to the contract of the contract of the contract of the cost of

ted to announce in the next fortnight that it has rejected total windshielding. However, partial wind-shielding may be raised.

The issue will be deter-mined in the Commons at the report stage of the bill to allow the scheme to pro-

John Stalker, former Deputy
Chief Constable of Greater
Manchester, in his book,
Stalker, published today.

Stalker, published today.

Stalker of this book of this deep-rooted conflict is that in Northern Ireland there is no such thing as neutrality. such thing as neutrality.

Mr Stalker, quite properly,

Manchester, in his book, Stalker, published today. In a remarkable statement, in the light of the most recent row reverberating from his inquiry into the RUC's activities, Mr Stalker says in the penultimate paragraph: "To be absolutely blunt, this case is now, in November 1987, quite stale, and it could reasonably be argued that because of the passage of time and the diminishing quality of the evidence, the public interest does not now demand prosecutions."

He adds that this would be a "perfectly proper legal and moral stance" and an "eminently sensible" one in the context of Northern Ireland.

Clearly, whatever else he uncovered during his truncated investigation into the killing by RUC officers of six men, five of whom had known links with the IRA and INLA, the RUC began to regard him as hostile.

Mr Stalker, quite properly, chose to ignore that. His succount of his inquiry, which began in May 1984 and ended with his abrupt removal in May 1986, makes much play of his determination not to take sides. Unfortunately, it simply was not possible because, as he points out, the minute he began to seek evidence from relatives and associates of the dead men, five of whom had known links with the IRA and INLA, the RUC began to regard him as hostile.

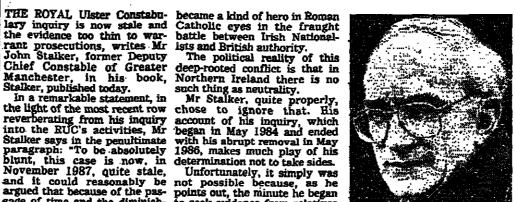
Mr Stalker alleges that as inquiries began to lead him higher and higher up the RUC

elephants, no one forgets.

Sir Patrick Mayhew, the higher and higher up the RUC
Attorney General, discovered when he announced much the same conclusion late last Mr Stalker writes that he and same conclusion late last Mr Stalker writes that he and month, that the issues thrown his team had established up by the "shoot to kill" inquiry grounds for prosecuting 11 will not be allowed to fade senior RUC officers after painsaws, at least by the National-taking investigation into the six ist community of Northern killings, which took place in Ireland and the government of three separate incidents.

the Republic.

They may well be surprised dence of police lies, not just to by Mr Stalker's remark about prosecutions because, as evistatements, but also to investidenced by his warm reception gating officers about the cir-in Dublin over the weekend, he cumstances of the killings.



Hugh Carnegy finds pointers but too few facts in the RUC investigator's book

Stalker believes shoot-to-kill trail is cold

John Stalker: evidence thin and inquiry stale

(False police evidence uncovered at earlier trials of policemen accused and acquitted of murder prompted the setting up of the Stalker inquiry.) Mr Stalker was disturbed by RUC Special Branch lack of accountability, sloppy forensic practices and the practice of making very high payments (he does not say how much) to informents

The most important issue, however, was Mr Stalker's discovery of the existence of a tape recording made by MI5 of the killing on November 24 1982 of Michael Tighe – a 17-year-old with no known connecbarn where police knew explo-sives used in a landmine blast that had killed three RUC men

shoot-to-kill policy. I could

report and delays of many months, and once the backing of Sir Barry Shaw, the Northern Ireland Director of Public Prosecutions, had been secured, Mr Stalker was about to get the tape and interview Sir John under caution when he was pulled off the case.
He was then to face an inves-

He was then to face an investigation into his own conduct in Manchester by Mr Colin Sampson of the West Yorkshire police. Mr Sampson also took over the RUC inquiry.

Mr Stalker was never able to conclude whether, indeed, there was an overall RUC policy of "shoot to kill" but he says: "The rircumstances of those shoot-

ings pointed to a police inclina-tion, if not a policy, to shoot suspects dead without warning rather than to arrest them."

by the British establishment was lent weight by the failure tions to paramilitary groups. was lent weight by the failure
The incident took place in a hay than a few petty allegations of misuse of police cars by Mr Stalker, who was cleared by the that had killed three RUC men had been stored.

The tape would prove whether police accounts of the tat his removal was directly Harrap. £12.95

wounded survivor, Martin dence he was uncovering in McCauley, alleged, the two Northern Ireland. However, he were shot without warning. does not point the finger at Sir Mr Stalker writes: "I was in John but at "the highest levels" Northern Ireland investigating of the British Government.
what had become known as a
His hard evidence is thin, but

whether or not he is right his

shoot-to-kill policy. I could think of no better way of proving, or disproving, this awesomely serious allegation than to obtain a copy of that tape."

He says MI5 backed his demands to hear the tape or see a transcript, but that Sir John repeatedly blocked him. After filing a 16-volume interim which was enraged by the report and delays of many November 1985 Anglo-Irieh. majority Protestant community, which was enraged by the November 1985 Anglo-Irish agreement. If the force cracked under the strain of Loyalist vio-lence - which included vicious attacks on police officers homes – so would the accord. Mr Stalker argues that the Government must have judged that the RUC could not have withstood the extra strain of his findings becoming public and it therefore looked for a

way to remove him. His book is inevitably inconclusive, but it inadvertently illustrates the fact that the RUC faces circumstances quite unlike any other British police force. The RUC also lives with circumstances of those shoot- the huge strain imposed by the now long established policy of "police primacy" under which the RUC, not the army, shoulders the main burden of con-

The Nationalist conviction fronting disorder.
that there had been a cover-up Mr Stalker acknowledges that in Northern Ireland: "If the police fail, then Government fails." The trouble is, as the Stalker affair has shown, it is hard to get both communities to

Nationwide Anglia to boost funds £100m

NATIONWIDE Anglia Building Society, Britain's third largest, ies Commission, the official today becomes the first society regulating body of the industry,

building societies by an order such debts are subordinate to laid before Parliament last that of other creditors, includmonth and becoming effective ing share account holders, in today.

LIFE COMPANIES have been

warned by Mr Michael Portillo,

junior social security minister,

not to market personal pensions before they are available on July 1, 1988. Under the Government's new

Life companies are gearing themselves for a big personal pension marketing campaign,

mainly for employees not in a company pension scheme but also for those wanting to leave

from the board.

their company scheme. a company scheme. Many companies have 1988 otherwise. already published details of Some life company scheme.

Life companies warned

over personal pensions

pensions environment, employees will be able, from April 6,
1988, to opt out of their company pension scheme or the
State Earnings-Related Pension
Scheme (Serps) and make their
That has not deterred many

own arrangements through a personal pension.

That has not deterred many life company sales staff from marketing accounts the company sales of the company s

their personal pension con-tracts, even though those have yet to be approved by the Superannuation Funds Office of until July 1, as if they do not

Superannuation Funds Office of the Inland Revenue and the Occupational Pensions Board (OPB).

In a letter to the Association of British Insurers, Mr Portillo expresses concern that sales expresses concern that sales staff may try to persuade people to commit themselves to a personal pension before the contract has received approval from the board.

until July 1, as if they do not exist, is unrealistic, particularly because under present marketing conditions many new unit trusts have a pre-launch marketing period of as much as two months, with discounts on sales during that time.

All life companies admit that they are reconsidering their strategy in the light of the letter.

However, the Building Societtoday becomes the first society regulating body of the industry, to make use of new capital-raising powers granted to building societies.

It is expanding its capital base by £100m through the issue of subordinated loan stock under powers granted to under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order, and the stock under the terms of the order that societies can now raise capital by subordinate debt, subject to certain and the stock under the terms of the order, and the stock unde

today.

Up to now, building societies the society be wound up. The could expand their capital base only from the profits made on the same footing as banks in capital-raising.

Mr Portillo gives two main

reasons for not pre-selling per-

First, the contracts them-

selves have not been approved.

will not issue the contracting-out certificates on any personal

marketing personal pensions and persuading clients to commit themselves to taking out a contract from July I, particularly as the contract art and

larly as the contract-out and tax relief can be backdated to April 1987 for employees not in a company scheme and to April

Some life companies, such as

The OPB has made clear that it

sonal pensions

Building societies were given ting pressure on banks to mainnew powers of operation under the 1986 Building Societies Act, including unsecured lending, estate agency operations, insur-ance broking and direct housing However, exercising those powers will require societies to

Mr Tim Melville-Ross, chief
executive of Nationwide Nationwide Anglia's overall hanglia, said authorities throughout the world were put-

tain the strongest possible capi-tal base and it was only a matter of time before the pres-sure was felt by building societ-

The loan, which was arranged by Baring Bros, is for 10 years expand considerably their capital base. Societies can count subordinated debt as representing up to half their primary capital.

Mr. Time Well-1912 by Baring Bros, is for 10 years with interest paid at 0.65 per cent above Libor (London Inter Bank Offer Rate). It has been

Nationwide Anglia's overall

ulation that Mr Tony Benn, the left-wing MP for Chesterfield, would be persuaded to force a

ing a candidature."
He was strongly critical of

He was strongly critical of the present attitude of the leadership and, by implication, the statement of aims and objectives for the party published on Friday by Mr Kinnock and his deputy, Mr Roy Hattersley.

Mr Benn said: "It looks as if the present leadership is trying to seize all political power for itself and force the party to accept key elements in the Thatcherite consensus."

He said he saw the party as a radical, democratic, internationalist, socialist one and intended to be a "fundamental timelest one and the present leadership is trying to seize all political power for itself and force the party to accept key elements in the Thatcherite consensus."

He said he saw the party as a radical, democratic, internationalist, socialist one and the present leadership is trying to seize all political power for itself and force the party to accept key elements in the British tax system which is intended to be a "fundamental reassessment." The results will involve inner-city local authorities sufficiently in government funded arts programmes.

the party.

Gould urges left not to challenge Kinnock

MR BRYAN GOULD, Labour's shadow Trade and Industry Secretary, yesterday appealed to the majority in the left-wing Campaign Group not to challenge Mr Neil Kinnock for the leadership.

He believed it was only a

"tiny and impotent" minority within the group who wanted to force a leadership contest later in the year, and said that would not be in the interests of His remarks came amid spec-

However, Mr Benn, interviewed on BBC radio's Week-end World, said: "I am not seek-

policy he did not think it was going to be electable.

Ms Clare Short, the left-wing

MP for Birmingham Ladywood, said on BBC TV's This Week Next Week that she thought it unlikely that Mr Benn would stand for the leadership and she saw no other credible con-

should be Tony."

Mr Heffer said he could accept much of what was contained in the statement of report has ca ing the operation of market

Arts report criticised by Ridley By John Hunt

AN INDEPENDENT report on the role of the arts in regenerating the inner cities has earned la rebuke from Mr Nicholas Rid-ley, the Environment Secretary. The report, commissioned by Mr Richard Luce, Minister for the Arts, recommends increased government spending on the arts in the inner cities as a means of creating employment and attracting tourists and

businesses to those areas.
However, Mr Ridley, in his
observations on the proposals
sent to the Cabinet Office, takes an extremely critical line.

The Department of the Envi-

ronment yesterday denied reports of a row between Mr Ridley and Mr Luce, but an official of the department confirmed that the Environment Secretary had pointed out that extra spending was not possible at the moment.

Local authority spending is pretty tight. That was pointed out. It would be difficult to increase spending at this time," the official said.

Mr Mark Fisher, Labour's arts

However, another prominent left-winger, Mr Eric Heffer, declared: "Personally I have to say that if anybody stands it today so that Mr Luce can make should be Teny." a statement and be questioned

It is understood that the report has caused embarrass-ment to the Government and socialist aims put forward last ment to the Government and week but he thought it was guilty of "surreptitious revisionism" in the sections acception to the members' library in the members' library in the in the members' library in the Commons.

A supporter of privatisation says the break-up of the CEGB may backfire. Max Wilkinson reports

The factors that make electricity a different case

"IN THE privatisation of elec-tricity, reading the book of experience should be accorded priority over gazing into crystal balls."

That is the theme and last sentence of an authoritative paper by a free-market economist who believes that any plan to break up the £27bn Central Electricity Generating Board must be approached with extreme caution.

The conclusion, by Professor

George Yarrow, fellow of Hert-ford College, Oxford, may take the Government by surprise, for he has been a leading advo-cate of privatising the electric-ity industry and a critic of the way in which the gas and tele-communications industries were sold off as monopolies.

However, electricity is different, he says, partly because of the possibility that widespread blackouts can occur if demand for electricity gets far ahead of potential supply and partly because of the long lead times and high capital cost of new

prices and from cutting the cost industry, he says the key to Because electricity cannot be stored like other commodities and is difficult to ration, he says, there is a natural tendency throughout the world for electricity enterprises to move towards collaboration rather between the process of the CEGB, and the finding price of British coal, potential new competitors will be effective regulation. The regulation. The regulation of new players.

The high price of British coal, potential new competitors will be effective regulation. The regulation of new players.

The high price of British coal, potential new competitors will be effective regulation. The regulation of new players.

The high price of British coal, potential new competitors will be effective regulation. The regulation will have to guarantee a their cost of new players.

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The high price of British coal, potential new competitors will be effective regulation. The regulation will have to guarantee a their cost of new players.

The high price of British coal, potential new competitors will be effective regulation. The regulation will have to guarantee a their would promote the entry of new players.

Generating the right price signals to to create a competitive market that would promote the entry of new players.

Generating to create a competitive market that would promote the entry of new players.

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Generating to create a competitive market that would promote the entry of new players.

Generating to create a competitive market that would promote the entry of new players.

Generating to create a competitive mar

for the UK.

He says it would require a

"reckless degree of confidence" to believe that "governments and utilities worldwide have got their policies wrong" and there is little evidence that

CEGB forecast of electricity demand Co-operation enables suppli-ers to privide mutual insurance against unforeseen breakdowns of plant and to minimise total costs by reserving the expensive plant with highest running costs for periods of maximum He also notes that none of the leading economies has adopted a system that makes a clear split between ownership of power stations and of transmission lines, as has been proposed

85

construction cost of new plant. technological change has made existing structures obsolete.

Since application of the structure of the struc petition in a privatised industry could make an important conthe main benefits that might enough price to make building a "managed", he says.

follow privatisation would power station attractive.

He quotes extensive evidence from a lowering of coal Whatever the structure of the from the US in support of the

1979 81

iffs.
"Given the market tendency towards integration, attempts to inject more competition into generation will rely heavily on Since available evidence sugcould make an important congeneration will rely heavily on to agree satisfactory contracts, the adoption of appropriate which balanced the need for regulatory policies. That is, long-term security with the standards, Prof Yarrow says the industry could obtain a high

91

89

view that breaking the industry

new entrants and to raise the Even if these contracts were price of electricity from exist- closely supervised by a strong

Distribution companies could have strong motives to make excessive use of the transmission grid to bid for cheap supplies, if the costs of transmission were shared. That would the industry: no organisational push up the capital costs of the arrangements can change the grid, particularly if distributors fact that control of the trans-entered collusive arrangements mission and distribution grids to try to beat the generating confers monopoly power and

oly distribution companies con-trolling the grid could have ation transmission, distribution even worse effects than collusion by generators.

tors and distributing companies industry, to agree satisfactory contracts. That let which balanced the need for that the contracts are the contracts and distributing companies industry.

contingencies.

Since both sides would try to make the best profit out of existing contracts as circum
changed, generators

and transmission under strong regulation, than if the industry were broken into more "competitive" pieces.

Come economic issues surmight be vulnerable to opportunistic behaviour by their customers. To balance that risk, their cost of capital would be higher than might otherwise be and transmission. George Survey 10.13 Court forms and transmission. George Survey 10.13 Court forms and transmission.

ing plant - especially at times regulator, Prof Yarrow believes of shortage. regulator, Prof Yarrow believes that many of the electricity

arise from the technology of ompanies. that there are strong pressures
He says collusion by monoptowards collusion and collabo-

Therefore, he believes, all Moreover, he says, US experi-ence suggests that it would be almost impossible for genera-regulatory regime for the whole

That leads him to conclude that the chances for fresh com-petition in the building of power plant would be better if the CEGB retained its monopoly of generation and transmission

higher than might otherwise be row. PRIMA Europe, 10-12 Cork necessary.

10-12 Cork St London W1. £6 incl p&p.



Single

higher-rate

tax band

'an option'

MR NIGEL LAWSON, the Chan-

cellor, may opt for a single higher-rate tax band of 40 per-cent to replace the present five bands ranging from 40 per cent to 60 per cent, James Capel, the

City securities house, says

However, much of the benefit for the highly paid might be clawed back by abolishing the upper earnings limit on National Insurance contributions and restricting mortgage

interest relief to the basic rate

of mome tax.

Capel says in its economic review that Mr Lawson, in spite of recent Whitehall attempts to dampen expectations shead of

the Budget, is likely to announce tax cuts worth a net £4bn. That would still allow a

of income tax.

UK NEWS

Inner-city jobs scheme likely to be expanded

The project is based on an ides imported from Boston. It is designed to strengthen links between business and the local education system and increase the relevance of school studies Children are given targets

More work

for civil

By Andrew Taylor

engineers

THE LONDON Compact experiment, which aims to provide inner-city schoolchildren with a passport to jobs in local businesses, is poised to expand to other cities.

THE LONDON Compact experiment, which aims to provide inner-city schoolchildren with a passport to jobs in local businesses, is poised to expand to other cities.

THE LONDON Compact experiment, which aims to provide in one of the most deprived areas of Europe. Other compacts are expected to be launched in the south and west of London this year. However, will be financed unnamed, will be financed unnamed, will be financed unnamed, will be financed unnamed.

ever, organisers fear that the demise of the Inner London Education Authority, which helps to finance the scheme, will push up the cost of further

In Birmingham, a meeting chaired by Sir Adrian Cadbury in January led to plans for a partnership between the city's education department and local companies. It followed a successful national conference hosted by Birmingham in November which included a presentation by organisers of the London Compact.

A formal business/education partnership is expected to be launched in Birmingham this year to build on activities being organised in the city. A series of four or five compacts, each involving about three schools, may be launched in early 1989.

The partnership, as yet unnamed, will be financed jointly by the education authority and business. Companies involved include IBM, Austin Rover, British Rail, Cadbury Schweppes and British Gas. Unlike the London scheme

the Birmingham Compact will probably not guarantee jobs for children, but it should give stu-dents who meet their targets priority in interviews with par-ticipating companies. Students will also be given follow-up interviews if they are not suc-

field Education-Industry Part-nership, launched in January, hope to involve 36 secondary schools in a city-wide compact. About 200 local companies have been invited to take part.

Again the scheme is unlikely

to guarantee jobs. But organis-ers believe the scheme will stimulate economic regenera-There is quite a lot already going on in Birmingham, but it stimulate economic regeneration and increase the employment prospects of local children

zero public-sector borrowing requirement.
Gross cuts in income tax are likely to be worth even more because the Treasury can raise extra revenue through increas-

ing excise duties

The easiest option for changes in the higher rates of income tax would be a straight 10-point cut in all the bank, or their replacement by first reconstruction.

cent.

However, a more ambitious plan would be the single higher rate of 40 per cent coupled with abolition of the National Insur-

ance ceiling.
Some middle-income taxpayers would lose by the change but could be compensated by a larger-than-expected cut in the

bout this year's eco

It predicts 3 per cent growth and inflation averaging below 4 per cent but sees a further marked deterioration in the current account of the bala

New Scientist US growth plan

NEW SCIENTIST, the weekly science magazine, is planning a £2.5m US expansion.

In the high street, Woolworth will develop 1m sq ft of retail space in 1988. In the out-oftown sector, five retail park sites are under development.

their replacement by just two rates of 40 per cent and 50 per

hasic rate of tax.

Mr Lawson might cut the basic rate to 24p rather than 25p, within the overall \$4bin target for tax cuts.

Capel is relatively optimistic

B&Q will be expanded from 220 stores to 300 by 1990 and Comet will be developed to offer a wider range of branded

12.5m US expansion.

IPC, the publishing company that owns it, believes it should be possible to lift US sales to 100,000 a week in four years. Its present world circulation is 90,000.

other cities.

A meeting next Monday should lay the foundations for a similar project in Birmingham. A feasibility study is under way in Sheffield while other schemes are being considered in Durham, Bristol, Salford and Hull.

which include attendance, punctuality, personal skills and academic achievement. If met, they can lead to permanent

The London Compact was launched in the East End in September 1987 by Prince Charles. It started with four schools, but its organisers hope to expand it to 10 in September

Woolworth outlines five-year strategy

joint ventures.

Although the company has been criticised by analysts for being slow to turn round the

Woolworth chain itself, Mr Mui-

the chain to double profits in

1986-87, when it achieved a 20

per cent return on capital

employed. The second phase of

The group will also add more

'specialist concepts' such as Kidstore and Volume One.

new merchandise rang

THE CIVIL engineering industry's climb out of recession is continuing, with firms of all sizes reporting improved order books, according to a survey published today by the Federa-tion of Civil Engineering Con-

The workload survey is published a week after a separate study by the Building Employers Confederation, which showed that orders for building companies were at their highest level since the early 1970s.

The civil engineering federa-tion, which conducted its survey in January, said: "This rising trend appears to have spread outwards from the south-east in a welcome ripple, though in Scotland and some northern parts of England the recovery has remained much

20th - 27th April, 1988 less discernible."

Almost 70 per cent of companies questioned said order books had increased during the past 12 months

The federation said shortages of engineers, quantity surveyors and other skilled labour were still being reported.

THE ACCOUNTANCY profession last week made two fur-

ther important concessions in

its long-running dispute with the Government over how accountants should help to crack down on fraud and other

illegal acts.
The Institute of Chartered

The Institute of Chartered Accountants in England and Wales issued guidelines to its members explaining when and how they should report illegal acts. They show a significant move beyond the profession's previous insistence that all relationships with clients are confidential.

The Auditing Practice Committee, meanwhile, issued draft rules for auditors of financial services companies. Those "help auditors with the new and difficult problem of reporting direct to the regulators in

ing direct to the regulators in certain extreme circumstances," said Mr Matthew Patient, chair-man of the APC. "In this area, auditors are assisting the regu-

lators in giving greater protection to investors - a service which the Government has been

confidential.

Accountancy profession

Homecentres; and the \$800m property portfolio including properties used within the group and development of sites for other retailers, including

WOOLWORTH Holdings, the UK retail group, is today writing to shareholders outlining its strategy for the next five years. It is now five years since Wool-worth, then loss-making, was bought for £300m by the Paternoster consortium and relaunched under new manage-

· Mr Geoffrey Mulcahy, group chief executive, tells shareholdcahy says the Focus strategy, launched in March 1986, helped ers: "We are setting out to use our assets more efficiently than ever before." He forecasts a period of extensive change. At a time when there are some doubts about the health of the strategy will see a stream-lining of Woolworth's systems, distribution and buying and

the retail trade and the strength of consumer spending, Mr Mulcahy warns of "possibly excessive expenditure in high street refurbishment and space expansion" in the retail sector. Woolworth will concentrate

on three areas: the high street, through its Woolworth variety store and Superdrug drugstore chains, and other experimental chains such as Kidstore and Volume One, a bookshop; outof-town, represented by B&Q, the do-it-yourself chain, Comet, the electrical retailer, and B&Q

keen to encourage."

help the authorities.

England.

These rules, prompted by the Financial Services Act, closely follow guidance to bank auditors, who are obliged under the Banking Act to report suspected fraud to the Bank of England

Last month, the APC issued guidelines for auditors of companies outside the financial ser-

panes outside the infancial services area explaining how they should report fraud and illegal acts. They contained the first admission, after three years of dispute with the Government, that auditors could do more to be not the authorities

The breakthrough has been achieved by focusing auditors attention on when they should report in the public interest.

That overcomes their common law duty of confidentiality.

The institute's guidance says factors that should be taken into account when deciding whether the public interest is at stake include the extent of the likely financial damage, the likelihood of repetition and "the datasity of the patter".

likelihood of repetition and 'gravity of the matter."

shifts on fraud reporting

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The Brewers' Society said the production totalled 9,404,852 upturn was the first for four bulk barrels, an increase of 2

2,852,158 bulk barrels, an increase of 4.1 per cent on the same month in 1986. The increase was led by lager.
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AGED COMPUTER systems are a powerful drag on a company's performance. Many companies - often those which were among the first to embrace the computer - are finding themselves held back today by old software which blights their efficiency and prevents them exploiting the latest business innovations. Yesterday's enterprise, they find, has cut them off from tomorrow's opportunity.

For many, a total systems re-write seems the only answer. An expensive, time-consuming operation, fraught with risk, it often seems only slightly preferable

to losing market share through technical inadequacy. The UK subsidiary of one of America's largest food groups, however, has stum-bled on an unorthodox way of breathing new life into an old

obvious to be a genuine minicomputers – and so on breakthrough, but nevertheless it has enabled the Dan Bernard, brought in Nabisco Group to bring its

advanced by more than a year

Pioneered by Hoskyns, a

based food giant best known cereals, third to Kellogs and account managers to sell to in Britain for "Shredded Weetabix, all of them well the retailers with one hand Wheat", faced that problem managed, alert companies tied behind their backs." when it set out to strengthen with sophisticated ideas its position in the UK market about the use of information

It won control of the then loss-making UK biscuit maker was tough, it was not, in fact, Huntley & Palmer after a tus- the technological capabilities sle with Rowntree Mackin- of Nabisco's competitors that tosh; as a result of the deal it worried Nabisco most inherited Smiths Crisps, was the rate at which its Jacob's Crackers, Peek Frean major customers, the superbiscuits, the classy chocolatier Bendicks - and a dog's bury, Tesco and Kwik-Save breakfast of aged and incom- were investing in and using

patible computer systems. There were, indeed, islands whereas a decade age of computing excellence, but salesmen would call at indition the general picture would vidual stores on Mondays taking orders for delivery during their first experience of competition There were, indeed, islands body who has ever been faced the Thursday of the same with the task of bringing week, now the most advanced order out of the electronic companies like Sainsbury and chaos which inevitably fol- Tesco are moving towards

lows a merger or acquisition. 24-hour turnround. Huntley & Palmer ran an They already so

When yesterday's enterprise is a bar to tomorrow's opportunity

Alan Cane continues his series by explaining why the UK subsidiary of the US foods group decided to re-engineer its obsolete system rather than starting again from scratch

Nabisco itself used Nixdorf computer system. minicomputers, Smiths Crisps
At first sight it seems too operated Hewlett-Packard

When Nabisco bought Hun-tley and Palmer it effectively business, manufacturers Pioneered by Hoskyns, a doubled its UK turnover. In Whose computer systems are UK-based but wholly-owned 1986 the combined group not on a par with those of the subsidiary of the US aero-reported revenues of retailers will be at a competi-

companies faced with the leader in crisps and snacks in group MIS manager. expensive and complex chore the UK - Smiths and Walkers expensive and complex chore the UK - Smiths and Walkers of re-writing computer prohave some 35 per cent of the grams which are now too old and patched to keep up with the pace of business today.

In biscuits, Nabisco is section of the grams which are now too old are not on their shelves, you do not sell. We cannot afford to have a areas it remains a runner-up. less sophisticated system than our customers. We cannot Nabisco, the New Jersey- ond to United Biscuits and in afford to send our national

technology.

NABISCO'S competitiveness was at
But while the competition risk because the constraints built market chains like J Sains-

Whereas a decade ago food

They already send their IBM mainframe with Texas orders to Nabisco automati-technology are hard to change; the Instruments minicomputers, cally and electronically over-only option open to most companies

night using the "Tradanet" which faced Bernard as he Nabisco could not. The state value-added network. Val-

The food business has taken idiosyncratic piece of soft-to "just-in-time" methods as ware. enthusiastically as enlightened parts of manufacturing

on a lorry for delivery this afternoon, says David Dan Bernard, brought in Lowther, Nabisco logistics from insurance broker Willis planning manager. "In these Faber as management infor-circumstances, the quality of

space giant Martin Marietta, £494.5.6m and trading profits tive disadvantage. "These the technique may have much of £49.1m. to offer those thousands of It is undisputed market says Alan Brooks, Nabisco

"If your products are not on That was the scenario the constraints."

nate the retail trade.

disadvantage.

into its old order processing system were preventing it from playing a full

part in the new electronic business systems that are beginning to domi-

Traditional paper-based systems of ordering and invoicing are on the way out. They are being replaced by electronic data networks that link supplier to manufacturer and manufac-

through information technology.

Those whose own technology can

not make the most of EDI will find

themselves at a crippling competitive

Systems written in yesterday's

ue-added networks combine important element in the tem represented a real threat telecommunications lines and enlarged company's data procomputer control to create a cessing armoury - the Hun-fast, secure method of send-ing documents electronically. The system is a venerable and

ten in an unusual computer language rarely seen these days, it had been so modified, industry.

The crackers you see us days, it had been so modified, making this morning will be patched and repaired that nobody in the company really understood how it worked

But it had one cardinal virmost critical management fabre as management information system up to scratch in record time.

Projected savings to the group as a whole of about greenfield opportunity than adversarial management information at the right sents the core of our busi-

ness," Bernard says.
The system, in fact, is the business. It still functions as well as its designers intended, but the out-of-date technology it uses means that it is inflexible and hard to alter.
"It works fine as long as

you do not try to change anything - but every time you try to alter the system, you take a major risk," Bernard says.
Alan Brooks agrees: "Theo-

retically, we could have continued using the system for another 15 years, if we had

Cutting across all the

established principles

is a total re-write - expensive, disrap-

Philip Mari, a consultant with Hos-

kyns who managed the Nabisco project, employed a re-engineering tech-

nique that is novel because it cuts

across all the established principles of software design. Faced with the task of rewriting an

entire system, most software design-

ers abandon anything that has gone before and start from scratch. The

idea that the existing system might have something to teach them seems not to have found much favour up to

Philip Mari, a veteran in the design

of real-time, critical systems, says the

tive and time-consuming.

of the order processing systo the business.

There were three principal areas of concern.
First, the inflexibility of the 15-year-old technology means that production information was updated only once daily - that is a serious restriction with the hectic pace of mod-

ern distribution. in response to a simple management enquiry, it might churn out 1,000 pages of

Second. it was becoming increasingly hard to maintain the old software - even the proprietary database on lete.

Third, Bernard knew that the key to offering superior service levels to his customers the big supermarkets chains - was to develop a new and sophisticated company-wide computer system which would essentially link Nabisco, its suppliers and its customers in a single, seam-

less electronic web.
The old order processing system was simply not up to developments of that order. Bernard reckons Nahisco can meet 98 per cent of orders today; it is looking for a minimum 98.5 per cent. Every 0.5 been prepared to put up with per cent means a lot in the food business.



After the takeover, the development programme, Hos- gists, digging through piles of management consultancy kyns was brought in to work Nolan, Norton (now merged on a packaged solution to the with Peat Marwick) was problem of the order processbrought in to make recoming system.

The work started last mendations on overall A software package is a March and Bernard reckness.

implemented - company wide electronic mail, for example, and viewdata systems for salesmen so that they could send reports from home.

And as part of the £6.5m re-engineering approach works well when the original system is still effective but limited in flexibility by

the technology used. Once his team had carried out its archaeological detective work on Nabisco's systems, it reconstructed it using a relational database and a fourth generation language both pro-vided by Cincom, a leading US soft-

Relational databases make it easy to take several different views of the same company information; fourth generation languages are designed to make modifications to systems

quickly and easily.

Although Mari believes a high proportion of companies could make use of re-engineering, he has not aban-doned traditional methods.

The batch part of the Nabisco order processing system will be engineered

multiplicity of customers. With Nabisco, the trimming, modifications and alterations

reached such a level that Bernard had to call a halt. Then Hoskyns proposed a

technique it called "re-engineering" it had already used successfully at building services company Boulton and Rather than re-write the

order processing system from scratch, it would use the existing system as a model to create an exact replica but using the most modern computing techniques.
It sounds ridiculously sim-

ple and obvious. In fact, such is the haphazard way software is written today that experts agree that while not wholly original, Hoskyns has come up with a genuinely innovative approach If the idea seems blindingly

obvious, the execution was massively difficult. Hoskyns specialists had to become software archaeolo-

coded computer instructions tem was doing and why.
The work started

systems strategy.

A number of sophisticated modern techniques were generalised piece of software which should only need trimming round the edges to fit a steam and Hoskyns's team are about half-way through the 21-month project.

It is expected to go live at the end of this year. The cost of re-engineering is not expected to work out greatly different from re-writing from scratch and the system itself will be more expensive to run. Where Nabisco expects to

of making modifications necessary to keep it in touch with what its customers will ask for tomorrow. Bernard argues that re-writing the system totally would have brought the same

save money will be in the ease

savings - but the timescale would have been much extended and indeed the project might never have been completed (see panel).
Robert Alcock, the financial director, says: "We are pleased with progress so far, but we have much further to go. We have largely finished the basic restructuring stage and are now moving rapidly

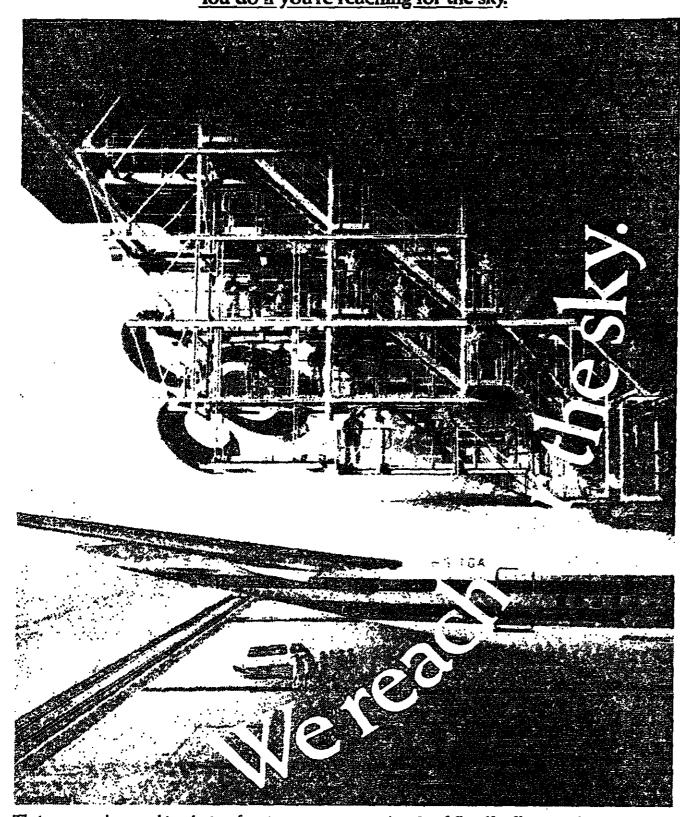
towards putting into place the

systems we will need for the 1990s."

HOW TO STAY ON TOP OF THE MARKETS AND AHEAD OF THE COMPETITION...

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Thai operates the most hi-tech aircraft maintenance centre in Asia. It is fully self-sufficient in the maintenance requirements of the entire fleet. And it provides full capability for complete B747 and A300 airframe and engine overhaul. Thai engineers and technicians spend four years training overseas prior to working in the centre. Thai, Centuries-old traditions. Innovative thinking. State-of-the-art technology.

APPOINTMENTS

Blackwood Hodge chairman

BLACKWOOD HODGE has appointed Mr Roger Pinning-ton as chairman-elect. He will take up the post after the annual meeting on May 12, when he will succeed the present chairman, Mr Arthur Richards, who will be retiring. Mr Pinnington, who joined the London brokers Parrish, Blackwood Hodge board as a remains chairman of GRI Electronics, and each of its subsid-August 1987, is chief executive of RHP Group. Mr George Law, vice chairman of Morgan Gren-fell Group, has been appointed deputy chairman from the same

Mr Stuart Nesbitt has been appointed group sales and marketing director at THE LEVITT GROUP.

ROYSCOT FINANCE GROUP has appointed Mr David Bar-gess as sales and marketing director at its subsidiary, Royal Bank Leasing. He was divi-sional manager, sales support division, at SocGen Lease.

Mr Bruce M. Warman has been appointed personnel director, VAUXHALL MOTORS. He suc-ceeds Mr David T. Young who is retiring.

Mr Brian James has been appointed deputy chairman and Mr Michael Gibson chief exec-Mr Michael Gisson chief executive at KEYWEST FINANCIAL HOLDINGS, the holding company for MAI's personal financial services division. Mr Gibson joins from the TSB Group,

PIERI (UNDERWRITING AGENCIES), a member of Lloyd's, has appointed Mr Brian Thompson as a director.

Mr Michael Phair has been appointed a director of N.M. ROTHSCHULD & SONS. He was with the capital markets department of the International finance Corporation in Washington. Mr Christopher French has been appointed head of computers information and computers, information and communications services. He joins from Woolworths where he was an executive director.

Mr Norman Coward, senior agricultural manager, has been appointed MIDLAND BANK's head of agriculture, UK banking, from May 1 on the retirement of Dr Robert Brace.

Mr Peter Kent has been appointed divisional director, business systems of THE NATIONAL HOME LOANS CORPORATION. He joined in April 1986 as controller business systems

Mr A.N. Twine, who founded the GRI Group, has been suc-ceeded by Mr C.M. Swanson as managing director of GRI ELECTRONICS. Mr Twine

remains managing director of GRI Electronics, and has become managing director of Craig Alford. Mr Swanson joined the company last year from IBM United Kingdom. Mr Graham Millar, a partner in London brokers Parrish, remains chairman of GRI Elec-

VISA INTERNATIONAL SER-VICE ASSOCIATION'S European operations centre in Lon-don has appointed Mr Diderik Schonheyder as head of the newly-created delivery systems development division. He has been with Visa since 1974. Mr Bill Scarlett has been appointed head of the delivery systems operations division. He systems operations division. He joins from IBM (United Kingdom). Mr Robert Littas becomes head of security. He joins from Interpol, Paris, where he was a sub-division head responsible for economic crime and counterfeiting.

BAe defence marketing organisation

BRITISH AEROSPACE has appointed Mr M.J. Turner head of the new defence marketing organisation with the title of executive vice president, defence marketing. Mr C.D. West has become head of new business development with the title of executive vice president, marketing planning. Mr Brian G. Thomas has been Brian G. Thomas has been made executive vice-president marketing operations and has worldwide responsibility for marketing and support of the full civil aircraft product range.

Mr William H. Alexander, deputy managing director of GEC-Marconi, has become chairman of the INTERNATIONAL BUSI-NESS AVIATION COUNCIL.

Mr James Palmer has been appointed regional director for INTERLIFE ASSURANCE COM-PANY, which is setting up a head office in Belfast. He was a senior group manager with Allied Dunbar.

ROTORK, Bath, has made the following management changes. Mr William Whiteley, previ-ously president of US actuator company, Rotork Controls Inc., becomes managing director of Protech Instruments and previously engineering vice-president of Rotork Controis inc., takes over as presi- appointed company secretary dent. Mr Roger Martin of RANK XEROX in succession

appointed finance and planning director for BURTON GROUP financial services, replacing Mr Geoff Almeida. Mr Johnson joins from American Express where he was vice president and controller, travel related services.

Sir Colin Fielding has been appointed chairman of AMES INDUSTRIAL, Fareham.

as sales director following Helix' takeover by Marcol

HALMA has appointed Mr THE BRITISH INVESTMENT TRUST has appointed Dr Paul director of subsidiary Microphax, to its security and office technology divisional beautiful form. technology divisional board.

eral manager.

Mr David Davidovitz, director of production and operations at TV-AM since August, has been appointed to the board. ST MODWEN PROPERTIES has

appointed Mr Colin Shaw a director of St Modwen Develop-Systems, an instrumentation ments. He was northern company. Mr Robert Arnold, regional manager.

replaces Mr Richard Ladlam as chief executive of Ludlam Sysco. He was managing director of Serck Glocon. Mr Ludiam, a founder of Ludiam Sysco, joins the parent company, Rotork, as group development manager for new products and systems.

Mr Ian Johnson has been

FUTURE SYSTEMS has ROBSON RHODES has appointed Helix Financial appointed Mr James Harman Systems' former managing as a senior client service part-director Mr Jonathan Worrall ner, based in Crawley.

THE FOREIGN BANKS ASSOCI-ATION has appointed Mr Ron-ald J. Meadows as secretary following the retirement of Mr Leonard A. Jackson.

Mr Tony Lambe has been appointed marketing director of THORSMAN & CO.

THE LIFE ASSOCIATION OF SCOTLAND has promoted the following managers to senior regional managers: Mr R.J. Buchan, Mr M.G. Cave and Mr D.J. Adamiak.

Mr Jim Edwards has been appointed director of JCB SPE-CIAL PRODUCTS, Cheadle, an associate company of J.C. Bamford Excavators. He was general manager.

DENCORA has appointed Mr Richard Child as managing director of Dencora (Essex), and Mrs Marlene Thompson as property manager of Chri-stchurch Management Services, two newly-formed subsidiaries.

Mr John Payne has been



Mr Roger Pinnington, chair-man-elect of Blackwood Hodge

to Mr Robert Reeve who has retired.

ner, based in Crawley.

Mr Paul Stephenson has become sales and marketing director of WARD INTERIORS, a newly-formed subsidiary of the Ward Group. He will remain responsible for the Fenzi Geometrica promotion. metrica promotion.

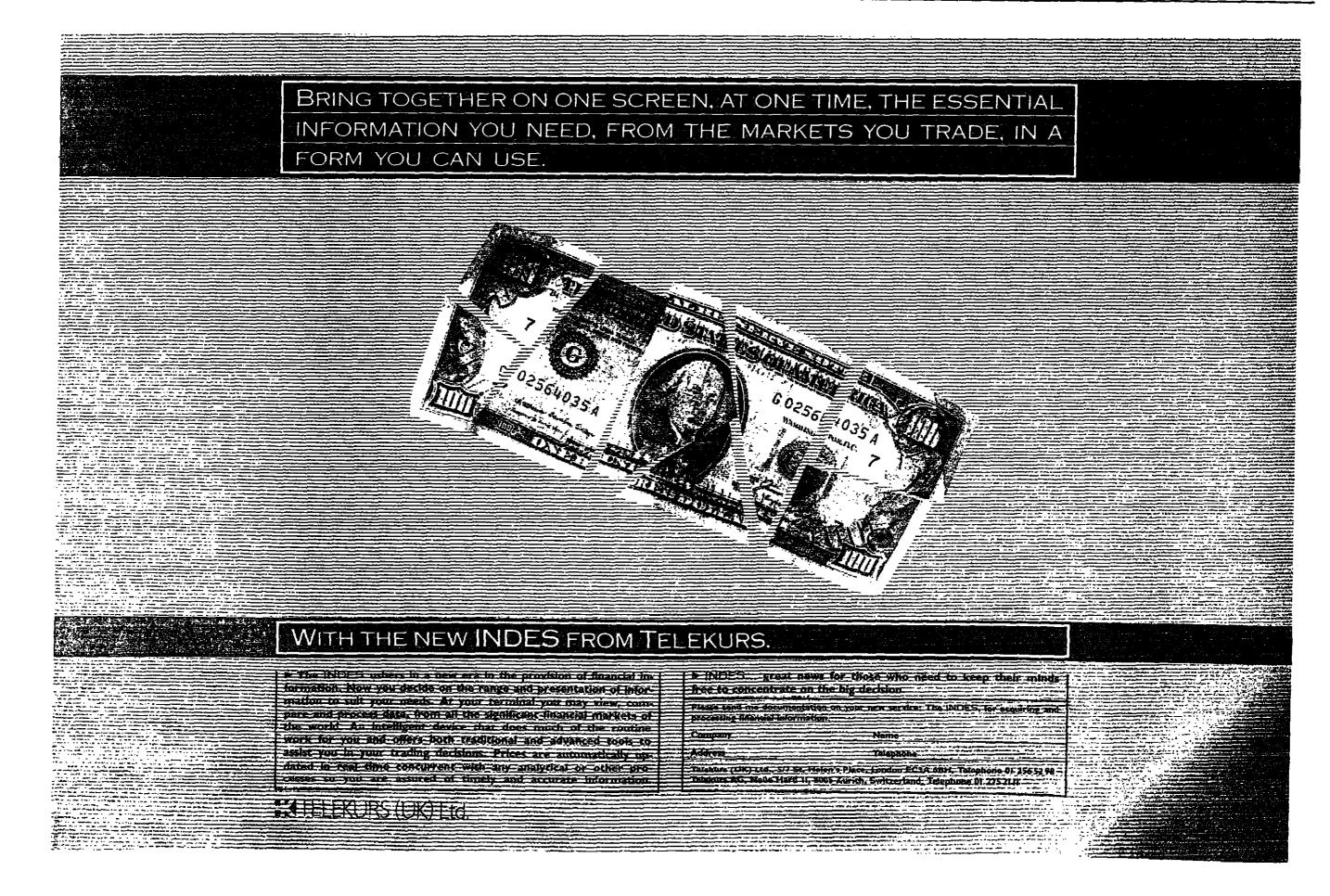
Mr Graham Locke has been appointed managing director of SACHS AUTOMOTIVE COMPO-NENTS. He was sales director of Coopers A P Filters, a part of the Turner and Newall Group.

Mr Ken Gee, previously gen-eral manager of IMS, has been

appointed managing director.

Barclays global securities services

Mr Alex Tweedle and Mr Julian Gibbs have been appointed directors of BAR-CLAYS GLOBAL SECURITIES SERVICES which has been established to develop a strategy for global securities. Both were formerly corporate directors of Barclays London City region. Barclays says that in region. Barclays says that in tecent years an explosion of valuable paper has been held for customers or against settle-ment in the City of London institutions and also in banks worldwide. The creation of Bar-clays Global Securities Services brings together the sequities brings together the securities handling services of the bank in the UK and will lead to a worldwide strategy, says the bank. Initially the service will be confined to existing elements. be confined to existing clients





Head office

computer

HONEYWELL BULL has

received a \$5m contract from Anglian Water for a DPS 90 to

be installed at Anglian's Hun-

tingdon headquarters. The deci-sion to acquire additional com-puter hardware came with the board's stated intention to

project

Woolwich prison equipment

vices contracts totalling around £30m. The largest, at £15.3m, is for building engineering services for a new local prison to be constructed at Woolwich, London SEI8, and is scheduled for completion at the end of

The new prison will be able to accommodate up to 850 inmates and will also comprise educational and recreational facili-

thew Hall will be responsible for the heating, hot and cold water, ventilation, plumbing vices throughout the prison
At British Nuclear Freis' Sellafield site, Matthew Hall has a for air conditioning, electrical, hearing plumbing and fire engineering services for the fitting

MATTHEW HALL MECHANICAL & ELECTRICAL ENGINEERS has been awarded prison officers' housing. Matmechanical and electrical serthew Hall will be responsible

trical and instrumentation installations in three new buildings, for process, services and product store, and assistance product store, and assistance with plant commissioning. The contract is scheduled for com-

and instrumentation services neering services for the fitting for the medium active solid out stage of the Sunlight waste encapsulation plant proj- Wherf, St Paul's Vista, London waste encapsulation plant project which will form part of the Magnox fuel reprocessing cycle.

The services will comprise elections of the Swiss Bank Corporation International.

Maintenance work for Drake & Scull

Contracts valued at \$12m for building engineering services in the UK have been awarded to DRAKE & SCULL ENGINEER. \$3.9lm is to be carried out in SCOILANCE CONVENTION OF THE PROPERTY Services Property Services are to be carried out in SCOILANCE CONVENTION OF THE PROPERTY SERVICES CONVENTION ASSOCIATION AT THE PROPERTY SERVICES CONVENTION ASSOCIATION AT THE PROPERTY SERVICES CONVENTION ASSOCIATION AT THE PROPERTY SERVICES CONVENTION ASSOCIATION ASSOCIATION AT THE PROPERTY SERVICES CONVENTION ASSOCIATION AT THE PROPERTY SERVICES CONVENTION ASSOCIATION ASS ING (a Simon Engineering com-pany). The Property Services Agency has awarded five mea-sured term contracts, totalling gow District Council at South £3.73m, for the maintenance of dean Co-operative, Drumchapel; internal electrical installations. Contracts run for a three-year period and are to be carried out period and are to be carried out cil.

for the PSA district works offices located at Medway & In the energy centre of Bir-Swale, Gosport, Frater, South mingham's new international and Ebbw Vale.

Development Association at Calderwood: the City of Glasgow District Council at South-dean Co-operative, Drumchapel; den & Milngavie District Coun-

refurbishment of the London headquarters of the Blue Arrow Employment Agency, costing £663,000; installation of electrical services totalling £775,000 in office develop-

Supplying flight deck crew seats

IPECO EUROPE, the flight crew seat manufacturer of the group's aerospace division, has won a contract with McDonnell Douglas to supply the flight deck crew seats for the new seat for the McDonnell Douglas to supply the flight of the new seat for the McDonnell Douglas to supply the flight est for the new seat for the McDonnell Douglas and marketing. Operators of DCIO aircraft have also begun to make enquiries about the new mould east which we small around US\$9.5m (£5.4m).

The new seat types 101 and
115 have commenced the engiIpeco aerospace division's man
additional orders."

new 101 seat, which we would expect to lead to significant additional orders."

round \$3m, stems from an months.

Increased number of Tornado

Increased number of Tornado

Increased in service.

Additional sets of Ferranti

Increased number of Tornado

Of flexible design the FIST uct Group, at the purpose-built (Ferranti Inertial Test System) factory located in Bellshill, range of automatic test equip
near Glasgow.

Copper mine machinery for Chile

KRUPP INDUSTRIETECHNIK, a subsidiary of Fried. Krupp, in consortium with Japan's Mit-subishi Corp has won a con-struction order worth \$46.9m from Chile. The contract, awarded by Corporation Nacional des Cobre, involves building and delivering a plant by 1990 for the copper mine Chuquicamata in north Chile. The project is to be financed by a long-term international credit. Krupp Industrietechnik will cover the engineering and most of the construction work, and will recieve roughly half of the total value of the contract.

Mechanical services at Sizewell B

AMEC subsidiary PRESS CON-STRUCTION has secured its biggest-ever contract from the Central Electricity Generating Board — a \$9m award for mechanical services at the Size-well B power station.

The project involves the

design, supply, installation and testing of steam, air, water and other services systems for the non-nuclear side of the power station. Press will fabricate and erect some 30 000 metres of carbon-steel and stainless-steel carbon-steel and stainless-steel low-pressure pipework averaging three inches bore, together with its supporting steelwork. The company will also be responsible for specifying, procuring and installing all associated plant such as tanks, vessels, pumpa, and heat exchangers.

Design work has already started at Press's Darlington

FERRANTI DEFENCE SYSTEMS has received a follow-on order for the supply of automatic test equipment to the Royal Air Force. The Ministry of Defence contract, worth around \$23m, stems from an increased number of Tornado aircraft in service

Design work has already started at Press's Darlington offices for the four-year project. The work is due to start on sometiment to the matic test equipment are required to complement those systems currently in service at ment is readily adapted for comprehensive testing of a required to complement those systems are site mid-1988. Skilled and semi-skilled operatives are scheduled over the next 18 and manufacture is carried out by the navigation systems department ATE Products and Press anticipation offices for the four-year project. The work is due to start on site mid-1988. Skilled and semi-skilled operatives are design and manufacture is carried out by the navigation systems department ATE Products are comprehensive testing of a required to complement those systems and manufacture is carried out by the navigation systems department ATE Products are comprehensive testing of a required to complement those systems currently in service at Press's Darlington offices for the four-year project. The work is due to start on site mid-1988. Skilled and semi-skilled operatives are scheduled over the next 18 and systems. All FIST design and manufacture is carried out by the navigation systems department ATE Products are comprehensive testing of a required to complement those systems and manufacture is carried out by the navigation of a required to complement are equipment are pates some recruitment of drawing-office personnel for the company's Darlington head-quarters.

Pumps for China's nuclear power

WEIR PUMPS and its newly- been awarded by GEC Turbine turbines and two GEC induction acquired operation, Mather and Platt Machinery, have won orders, worth about £4.3m, to supply pumps for the Guang-dong PWR nuclear power sta-tion in China. It is the largest single contract awarded to Weir

from the People's Republic.

Weir has previously supplied pumps for fossil-fuelled stations in China, but this is the first contract for a nuclear sta-tion there. The orders have

Cenerators and the twin 985MWe plant at Days Bay in Guangdong Province is planned to come into full operation by 1993.

motors

Mather and Platt Machinery at Manchester is to supply six. condensate extraction pumps of The Weir Pumps plant at vertical caisson range, featur-Glasgow will supply six tandem ing double entry, first stage steam generator feed pumpsets, impellers. Each unit can deliver each rated at IOMW and comprising six booster pumps and erated head of 700ft. The six pressure stage pumps, all of pumps will be driven at barrel casing design. They will 1500rpm by 1660kW GEC elected with the pumps will be driven at 1500rpm by 1660kW GEC elected with the pumps will be driv the AEF, 500/900, three stage

Ministry orders ship defence decoys

CHEMRING GROUP's Salisbu-ry-based pyrotechnics and ammunition subsidiary, Pains-Seagnat will be the new School Cheming has been ammunition subsidiary, Pains-Wessex, has won a contract worth between \$2.5m and \$3m from the Ministry of Defence, for the supply of ship defence

chaif for the decoys is to be manufactured by Chemring in Portsmouth. The decoys will be operated from Royal Navy surface ships as part of NATO "Seagnat" a new-generation this defence system designed to ship defence system designed to seduce anti-ship missiles, such

Seagnat will be the new NATO standard ship defence

Seagnat will be the new NATO standard ship defence decoy system.

Mr Victor Prior, group chief executive, said: "A major strength of the Chemring Group in bidding for this order was its unique capability in Europe to both manufacture aluminium glass chaff while using its of infra-red round for Seagnat, itcensed site at Pains-Wessex takes the total orders received on the same product for an overseas NATO country and has received an order worth £1.5m. These two orders, together with the contract from the Ministry of Defence for the development of infra-red round for Seagnat, takes the total orders received as the total orders received stream of the same product for an overseas two orders, together with the contract. Chemring has been successful in another international competitive tender for the same product for an overseas NATO country and has received an order worth £1.5m. for the assembly of the comby the group for this system to plete round."

Ruston is working closely

with Frank Mohn A/S of Nor-

poard's stated intention to develop new billing and income systems. The DPS 90 computer, running the latest GCOS 8 software release SE3000, will provide the platform for Anglian Water's central computing into the late 90's. **Airbus** design order

SAC TECHNOLOGY has won a design contract from British Aerospace for work on the wings of the new European A330 - A340 series airbus passenger aircraft. The contract, worth £1.37m, is believed to be the single largest ever to have been secured by the company for design work and will run at least until the end of 1989, occupying a peak of 31 engineers at SAC's Bournemouth with Frank Mohn A/S of Norway - a major offshore supplier in the Norwegian sector - and will be delivering base engines to the Mohn site at Flatoy, near Bergen, between October 1988 and January 1 1989 for full packaging and testing. Deliveries to the module yard in Stavanger are scheduled for spring and summer 1999

SONSUB SERVICES has secured several long term con-tracts for this year. In Norway, Sonsub, through its sister com-pany, Wilsub, has been retained for Elf Aquitaine's yearly sub-sea structural cleaning and inspection programme. Sonsub has held this work for the past two years. In Read a three two years. In Brazil a three-year deepwater field intervention contract has been won. The \$4.5m contract calls for one of Sonsub's advanced remote operated vehicle systems, "Challenger". A similar system will be used in Norway. Sonsub is

Gas turbines for North Sea platform

barrels of oil per day and 38m cu ft of gas per day.

Another major oil company has selected Tornado gas turbines built by BUSTON GAS TUB-licensees: BP, Statoil, Conoco offshore hook-up time. BINES, part of GEC, for off-shore duty. BP Petroleum and Pelican. Production should begin in 1990 and reach 60,000 shore duty. BP Petroleum Development (Norway), through Kvaerner Engineering A/S of Norway, has ordered four gas turbine generating sets worth approximately \$11.5m to provide the main source of power for the "Gyda" platform, 270 km south west of Stavanger in the Norwegian sector of Each Tornado generator set, rated at a nominal 6MW, will incorporate a GEC Unipak generator, stainless steel acoustic enclosures, ducting and filtration systems, and a stainless steel, on-skid control house ger in the Norwegian sector of the North Sea. The "Gyda" field was discov-

Underwater telecommunications link-up

allowing the turbine to be con- and summer 1989.

STC has received an order worth \$10m for a spur on the underwater optical fibre telecommunication system PTAT-1 from the system co-owners Cable and Wireless in the UK and Private Transatlantic Telecommunications System at a branching unit 100 km off with the main system to the US and Britantian at a branching unit 100 km off with the main system to the US and Bermuda.

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5 Cold reduced steels with their excellent mechanical properties and ductility prove themselves in every home in domestic radiators, structural components etc. Not to mention the family car

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EUROPE'S BUSINESS NEWSPAPER

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the above-described Notes. General Foods Capital Corporation will redeem on April 15, 1988 through operation of the staking fund \$20,000,000 aggregate principal amount of Notes at the redemption price of 100° a of the principal amount thereof.

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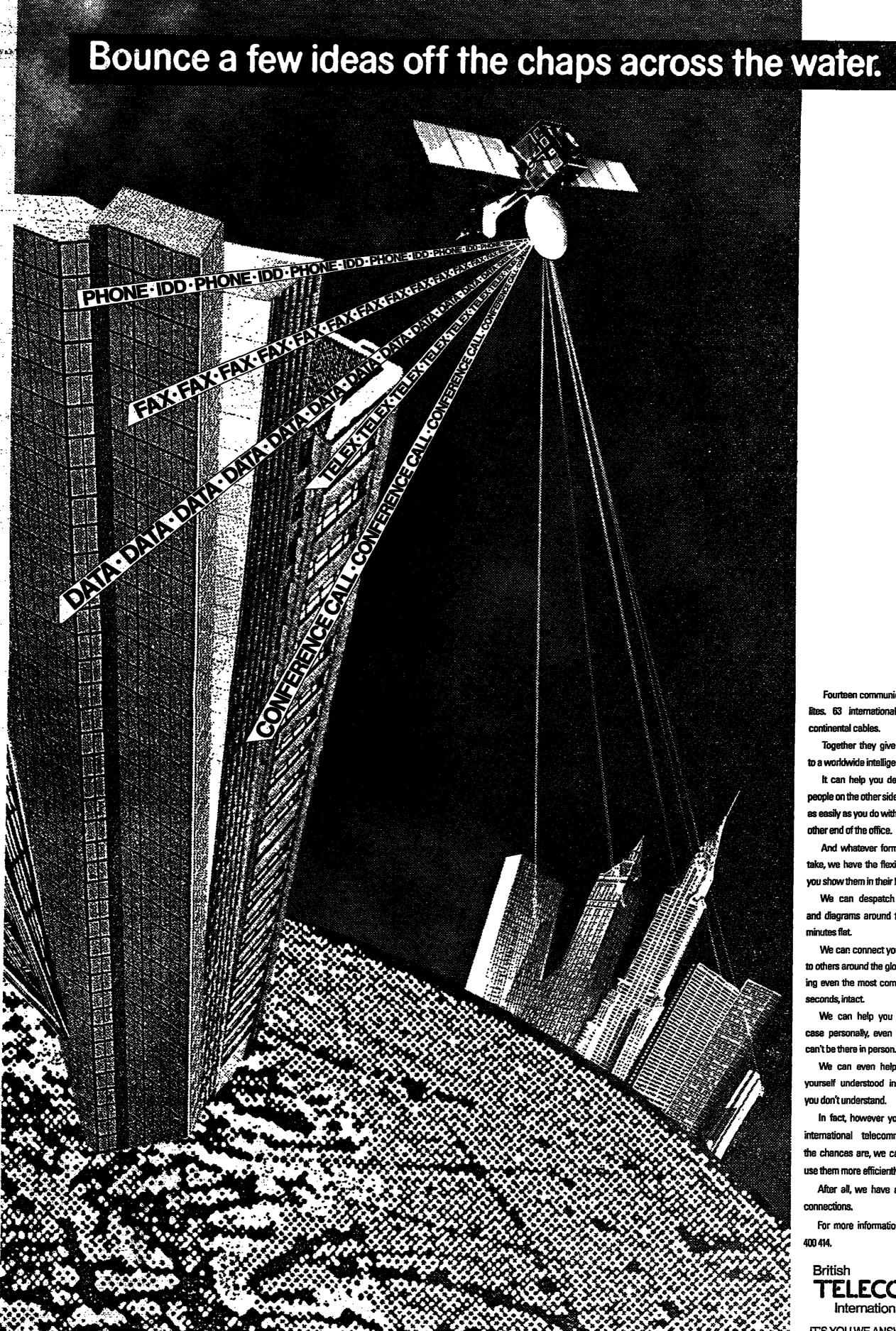
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ANTHONY HARRIS Austin, Texas

it was announced that Sema-tech, a joint research project tion. by the US computer chip

months ago it was rated by a of classical tragedy. Those whom the gods would destroy, they first drive mad.

The process started with an announcement very like this month's: Austin had been chosen, against national competition, as the site of another the Sunbelt), Austin was IT IS more than a month since self-proclaimed as the US cap-

tion.
The 1981 Reagan budget, industry, would be set up in which provided an apparently Austin, the state capital of risk-proof tax shelter for real Texas. The facility will estate development made

ters of a million in population: but the news is still being celebrated on local television. After a financial disaster that was gigantic even by Tayon atandards the city of the cause of Austin has make the cause of Austin has more and and a former Secretary young Mid-Western merchant tem, and a former Secretary young Mid-Western merchant

industry, did the rest. In the proclaim Austin is, above all, been lovingly planned, devel-Lyndon Johnson needed some industry, did the rest. In the thing to celebrate. Only 18 four years up to 1986, propdowntown office space and end of the market.

Texans seem to enjoy even catastrophe if the scale is big enough. With something like research facility, by MCC, pride, they point out the big-which employs 400 people on gest mistakes from the pentfuturistic software develop-ment. On the strength of this office towers. Lists of foreclo-(and general euphoria about sures are handed round at dinner. Many of the towers and nearly all the new hotels (which are owned locally and merely operated by the national chains) have now fallen back into the inexpert hands of the banks which

els and the absence of dread-ful economic news, we are confident for the time being

that the market is going to be

intermediate stress." So that

is all right.

Mr Ruder's top priority in

the wake of the crash - "the

single most important thing"

ever is necessary to overcome

improve the flow of informa-

in a position to survive some

determined to show that it oped and protected - Austin erty developers pushed up has learned from its experi- started protecting its environnational business magazine as housing prices to metropoli- ence. In the same spirit, they ment against upstream polluthaving the greatest dynamic tan levels. Before reality estimate that it will take at ers as early as 1880. potential in the US; its subsection caught up, they had more least five years, and possibly quent story has the elements than doubled the available a decade, to work off the excess commercial property added about half to the city's and that few, if any, of the hotel space - all at the luxury banks involved will survive as independent units.

> Some will not survive at all. for the crash has not yet reached bottom. Foreclosures are still rising and were run-ning at two a day in the last monthly record. The ownerbanks, desperate for income, are trying to bribe tenants away from the more successful developments and could undermine those too.

Yet, if this was madness, it must also be said that the gods have been pretty kind to Austin. It is situated in a bend of the Colorado River dammed into a 100-mile chain Texas. The facility will estate development, made employ 800, hardly an economic turning point in a city now approaching three quartiles. Texas the facility will estate development, made financed them.

Texas. The facility will estate development, made development, made of the Colorado River, dammed into a 100-mile chain of lakes, between gentle, their loans out of the oil they now concede – or rather partly wooded hills. It has

ernment and biggest university, it has the amenities to be expected in a major university town (with nearly 50,000 students). It is a research centre and there are many spin-offs among its 700 industrial companies. Its population is young, its schoolchildren outperform those of any compa-rably large (or larger) city in the US; and when they grow up, most of them are determined to make their lives in

These blessings help to explain some of the city's paradoxes. The financial crash is dire, but the economy has only wobbled. Indeed, apart from construction, growth has gone on almost throughout. Employment, which fell last

year, has started to recover. comes and spending are up - though, of course, not fast enough to sustain turnover in the overgrown shops and entertainment facilities. Electronics, which had its own slump, has recovered strongly. The universities (there are several smaller schools apart from the Uni-versity of Texas) and the state government are the big-

gest employers.

Meanwhile, the combination of high intelligence, low of high interrigence, it is a Ed Clarke, former Ambas resolved, but they seem to ing work their own miracles. Sador to Australia, the heads have become a good deal less Austin, unlike other "branch of old-established Austin bitter recently. There is a long enterprises such as the Scar- way to climb back, and the Austin, unlike other "branch economies", has lost hardly any of the newer enterprises; several times the headquar- mature start-ups such as Tra-ters has followed a minor cor, one of the biggest elechigh rating for dynamism, continue, and continue to

One striking example is finance.
Bookstop, a chain of book It ha

The question is, though, Clements, a low-tar Republi-whether any start-up launched now, with no track record, could get support from the shell-shocked banks. The hastness to maintain the faculty? Does The business community is Austin over-protect the envi-relatively small, and those ronment and hamper busi-known to its leadership circle ness, or is this the source of - the faculty of the univer-sity, old LBJ Democrats such tions will probably never be as Ed Clarke, former Ambas- resolved, but they seem to borough store chain, or good news about Sematech mature start-ups such as Tra-cor, one of the biggest elec-There is no danger that the branch to the capital. Start tronics groups - are probably hype will provoke any fool-ups, which earned Austin its safe. But for a resumption of ishness this time. That the

chain has just schieved its ment. It is not all teamwork first profit after five years of and good humour, however. hair-raising growth, and has Mr Mark campaigns just as hair-raising growth, and has Mr Mark campaigns just as promptly been offered a tri-strongly for a big expansion pled line of credit by an Ausof university funding and has tin bank desperate for sound got enough business support outlets.

safe. But for a resumption or real growth, the city must look outside for venture capital and some development cretely visible. The native intelligence is still there; and It has some formidable the rents are low now.

INTERVIEW

Baptised by fire

cial markets come to a sys-temic failure during last Octostock market crash? Mr David Ruder, Chairman of the Securities and Exchange Com-Securities and Exchange Com-mission, the man with ulti-mate responsibility for super-rarily be closed. The effect of ful economic news, we are mate responsibility for supervising the US securities industry, takes a long breath. "It was close," he concedes - and then, with the experience of one who has been burnt by press comment before, he qualifies his position. "The thing we were close to was shutting the stock exchange. I don't know whether that would have been a systemic failure: it may only have been an opportunity to pause and

For Mr Ruder, the October market crash was a baptism of fire. Plucked from an academic background, and with no direct experience of the financial markets, he was appointed in August and had scarcely moved on to first name terms with the other

HOW CLOSE did the US finan- Richard Lambert talks to David Ruder, Chairman of the SEC

this remark was dramatic. In the words of one seasoned trader on the floor of the New York Stock Exchange: "It was like someone standing up in a crowded theatre and shouting 'there's a fire, and we might be closing the exits!"

Today, Mr Ruder regrets — is to make sure that the the remark, which he puts various exchanges do whatdown partly to his inexperiever is necessary to overcome ence in handling the press. "I the failings in their autoshould have been more alert mated systems which played to the fact that my words such a big part in last Octo-could be misinterpreted in a ber's panic. He is also press-time of panic," he concedes. ing for a series of measures to time of panic," he concedes. ing for a series of measures to
The experience has made him boost the capital of the varialmost painfully careful in ous marketmakers, to answering delicate questions about the stock market, leading him into dense thickets of ing, credit and settlements

qualifications and caveats. systems name terms with the other Thus he told a press confer-key authorities when the bot-tom fell out of the stock mar-sion as a whole believes that dations which flow from the Wisconsin. Educated Wilthe markets are sound. There SEC's vast study on the crash His public comment on the are systematic problems in ("It weighs 5 lb 91/2 oz," he crash that Monday morning sent a tremor around the market that need to be reports gleefully) can be sent a tremor around the addressed. But by and large achieved without legislation. world. Besieged by reporters, the Commission is confident Inevitably, though, it is the and not fully briefed on the gravity of the position, he and that given the circumthe attention. This is the part that could bring the SEC to a head-on conflict for power with its long-time rival, the Commodity Futures Trading

> At this point, things get a little complicated. Mr Ruder makes no secret of his view that there are serious flaws in the present accord between the SEC and the CFTC over the regulation of futures and options tied to equities, and that it would be logical for the two agencies to merge. He has further irritated the free market apostles of the Chicago futures markets by asking for legislation to give the SEC direct regulatory authority over all equity type products in the futures as well as

> the cash markets. Yet he is also enough of a realist to know that the chances of getting such legislative approval are slim and he does not at all give the impression of a man interested in power for its own

So what is he up to? Mr Ruder does not answer this

does not have a great deal of hope that it will become the top dog regulator, it would welcome a blunt instrument to take into what are likely to be tough negotiations about the structure of the futures industry. The spectre of legis-lation hovering in the background might help concentrate attention on a voluntary approach to the agreements that are needed to reduce the risks of another Black Mon-

The one major piece of leg-islation which is definitely on the stocks at the moment concerns the reform of the Glass-Steagall Act, which has kept the commercial banks out of investment banking businesses for more than fifty years. The SEC is nearing the end of negotiations aimed at getting the sort of wording it would like into the legislation,

• PERSONAL FILE

liams College 1957 Law degree, University of Wisconsin. Joins Milwaukee Law firm of 1961 Joins faculty of Northwestern University School of Law 1977 Dean of the School of Law until 1985 1987 23rd Chairman of the

ecurities and Exchange

and Mr Ruder is hopeful that priorities than tender offers since his job will be in the gift securities markets. Mr Rud- few months ago, his high-prothere will be reforms in the near future. He argues that the banks are already active in securities type business anyway and that this should be subject to SEC regulation.

Commission

Two essential safeguards will be required: the banks will have to run their securities activities in separatelycapitalised affiliates which will be under the direct supervision of the SEC and stens will have to be taken to minimise potential conflicts of interes

What about insider dealing? Until recently, it has been impossible to talk for more than five minutes to anyone at the SEC without hearing Street are going to be put through the shredder. But Mr through the shredder. But Mr those of an administrator and Ruder has a rather different an intellect. question directly. But an a rather different an intellect.

A second big theme of his does he quarrel with the suggestion that although the SEC tant, yes, but there are higher time to demonstrate them, the regulation of international

and insider trading. Until last summer, Mr

Ruder had spent most of his working life on the faculty of Northwestern University Law School. His academic background - often mentioned in conversation - helps to explain his approach to run-ning the SEC. Unlike Mr Rudolph Giuliani, the US Attorney for Manhattan who was President Reagan's first couple of months ago, he gave choice for the job, Mr Ruder is a group of retail brokers some

not a tough cop.

Nor does he have anything in common with Mr Joseph standards, tighten their their standards, tighten their their standards. Kennedy, the ruthless market operator who President Roos-evelt appointed to be the first SEC chairman in a classic how the wrong doers on Wall poacher turned gamekeeper Street are going to be put move. Instead, his skills are

ment down which he hopes to get the SEC moving in the coming months. On the investors in the securities markets has been damaged by

in-house supervision and keep out sharp salesmen - quite a task since the number of registered securities representatives in the US has doubled to around 400,000 in the space of six years.

trading mechanisms. The measee established on an international basis include minimum

slightly dazed academic an oft-repeated joke: "But I described by unkind critics a am Ruder."

of the new President. So he er's view is that initiatives to file job must seem a long way has set two paths of develop- cope with equity investment from a life spent teaching across frontiers are needed law, expanding the faculty, now and that they must cover and editing books with names both market structures and like The Proceedings of the domestic front, he believes trading mechanisms. The mea- Corporate Counsel Institute that the confidence of private sures which he would like to (1962-66).

Under the television lights last week in Washington the market crash and that standards of disclosure, before the Senate banking this poses a serious threat to auditing and accounting; efficient clearance and settlement occasionally faltered over his systems; mutual assistance in words or stifled a look of the pursuit of wrongdoing; polite amazement at some of and agreed programmes to the less well-aimed questions. and agreed programmes to the less well-aimed questions. oversee the financial integrity But he claims that his backof multinational firms. He ground as a teacher has hopes to work out more bilatturned out to be ideal training eral agreements with foreign for the present job. "We teach countries in the coming year, our law classes in a guite conalong the lines of those frontesional ways is all size." along the lines of those frontational way: it's all give already established with the and take. Some of the students, Japan and Switzerland.

Although Mr Buder, 58, says. And he adds, with the appears nothing like the apologetic smile of one telling an off-remarked likes. Plant





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Pressure for the right to reply AN INDIVIDUAL'S right of reply to correct inaccurate or offensive statements in newspapers is attracting more and more public support. Legislators and courts

are beginning increasingly to contemplate invoking their law-making powers.
Although the European Convention on Human Rights provides that the right of freedom of expression may be subject to restrictions for the protection of the reputation or rights of others, that so far has not been interpreted as encompassing a right of reply. But an Article in the American Convention on Human Rights specifically confers on anyone injured by inaccurate statements or ideas disseminated by an established organ of the media the right to reply or to make a correction using the same communications

Eighteen months ago the Inter-American Court of Human Rights, at the request of the Government of Costa Rica, handed down an advisory opinion that puts flesh on the bare bones of the Article. The court interpreted the Article as calling upon the American States that do not already ensure the full and free exercise of the right to reply or correction to bring about that result by legal measures regulating the exercise of the right, failing which they will be held in breach of the convention. The Article itself does not indicate, for example, whether the beneficiaries of the right are entitled to an equal or greater amount of space; or when the reply, once received, must be published, and in what form, In Singapore the Govern-

ment is currently seeking to claim for itself such a right of reply in its legal fight with the Asian Wall Street Journal. Whether such a right exists, and whether it can be accommodated within a constitutionally guaranteed right of free speech will be determined

by the Singapore courts. Other countries are watching keenly the outcome of this tussie. Some of them are already taking steps through their legislatures to take further official ripostes to newspaper reporting by passing laws that give Ministers wide powers to ban at least the foreign press. The Asian Wall Street Journal and its sister periodical the Far East Economic Review are the latest Singaporean vic-

Even if the principle of such a right of reply were conceded, the problem is to frame its limits. It is one thing for the individual citizen to seek redress for unfair criticism or misrepresentation of his words or actions. It is altogether another matter for govern-ments to possess the right to insist on their version of events being published in

If all the potential com-

plainers desire is a swift correction of factual misstatements, the right might be unobjectionable. In practice newspapers generally do publish promptly correc-tions to the factual errors that appear in their col-umns. A law would merely confirm good practice. This is the system in West Germany, where it appears to work well. Initial fears that newspapers would be inundated with demands for corrections has proved to be unfounded.

Even if there would be practical difficulties in framing the scope of the right of reply, there is no reason why the West German experience could not be replicated here. The right provides a prompt remedy. it also acts as a sanction and actually promotes greater care in checking sources of information; it also enhances accurate reporting. Confined to strictly factual matters, the right might assuage some of the anger directed at the contemporary press. But if it is extended to ideas or to comments or opinion, the would be intolerable.

The Royal Commission on the Press in 1977 however rejected the whole idea of a legal right of reply on the grounds of principle. It stoutly proclaimed that the hould not be subjected to a special regime of law, and it should neither possess privileges nor labour under special disadvantages compared with the ordinary citizen. It pre-ferred self-regulation.

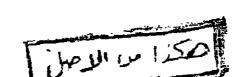
While newspapers should ordinarily make available editorial space to accommodate the replies of those cri-ticised inaccurately so that the record is forthwith set straight, the Royal Commission recommended that the Press Council should extend its doctrine of the right to reply and uphold it as a remedy. The Press Council



JUSTINIAN

should, it was recom-mended, actively involve itself in obtaining publica-tion of counter statements by persons who could show that they had been unfairly

criticised.
In the ten years since the Royal Commission reported insufficient progress has been made within press cir-cles so as to head off legis-lative attempts, such as Mrs Ann Clwyd's wide-ranging Unfair Reporting and Right to Reply Bill. The fact that the bill did not manage to get a hearing, let alone a get a hearing, let alone a second reading in Parliament last Friday provides an unyielding press with only a breathing space.



Oslo Philharmonic/Barbican

Andrew Clements

monic Orchestra and Marisa
Jansons to London at the start
of an extensive British tour so
soon after its Proms visit last
year can only be thoroughly
welcomed. It shouldn't, but it still comes as something of a surprise to be reminded of the outstanding quality of this orchestra and conductor. Hearended last year at a low ebb; its ing the Oslo Philharmonic final South Bank concerts, launch into its programme at under Giulini, suggested an orchestra that had lost much of the Barbican on Friday was the Barbican on Friday was immensely exhibitating, and encouraged the most exalted comparisons. The orchestra does not possess the unmistake-able character of, say, the Vienna or Berlin Philharmonics or the Concertgebouw, nor the superhuman, high-gloss exper-tise of the Chicago Symphony, but those exceptions apart, it is hard to think of another orches-tra whose current form can be compared with theirs; certainly among British residents only the Birmingham Symphony at its very best approaches this

lay Tehrany a light

kind of responsiveness.

The Oslo began with a Norwegian calling card, Egil Hovland's Fantare and Chorale, and's rantare and Chorale, which may be pale ceremonial Shsotakovich in idiom, but in performance makes a splendid display-case for any orchestra's tonal resources, and the splendour of its brass especially. Beethoven's Second Symphony then offered a different kind of test and one for both conductor. test, and one for both conductor and orchestra which placed anew perspective on their accomplishment. Jansons has accomplishment. Jansons has hitherto been heard in concerts and on record largely in late. 19th century repertory; his Beethoven proved to be informed by that romantic background in its physical excitement — the first movement uncompromisingly drawnent uncompromisingly drawnent. ment uncompromisingly dramatic, the finale drawn as taut

as a bowstring - and in the splendour of its climaxes. Mahier's First Symphony returned the partnership to more familiar territory, in which Jansons' unerring sense of musical architecture placed at the service of dramatic, almost theatrical vividness was again exploited. The introduction was deeply mysterious, drawn out with immense precidrawn out with immense preci-sion; the grandeur of the sym-

The return of the Oslo Philhar- resources proved more than

its collective spirit and disci-pline. When it appeared on Saturday under Neville Marriner in a Festival Hall concert sponsored by the Financial Times, an altogether healthler attitude seemed to be abroad. There are still shortcomings to be recti-fied - the string tone is undernourished, the balancing of strands is not always equitable but ensemble has been but ensemble has been restored to par, and the excellence of the Philharmonia's wind principals, always one of the orchestra's strengths, has reasserted itself.

the orchestra's strengths, has reasserted itself.

Marriner's programme was straightforward enough – overture (Verdi's Les Vepres Siciliennes), a concerto (Brahms's for violin) and symphony (Dvorak's Eighth) – and it was delivered generally with plain effectiveness. The concerto soloist was Dmitry Sitkovetsky, who alternated fierce, exaggeratedly precise chording with elongated, somewhat steely lyricism. His playing is founded upon a firm technique, one perhaps too rigidly imposed, for the interpretative points and emphases seemed inflexibly schooled and lacking almost schooled and lacking almost completely in spontaneity. The outer movements survived rather better than the Andante, in which the limitations of his lyrical instinct were consistently exposed.

Marriner accompanied with appropriate brusqueness, mar-tially clipping the rhythms, and he carried over his forcefulness to the Dvorak symphony. This was, however, a sustained and successful account – more insistent than conventionally upon the minor-key elements of the work, while not able to transform it entirely into a tragic document, he did nevertheless cast several new perspective

phony's peaks was never upon its sometimes to forced. Again the Oslo's tingly genial character. NCOS Symphony Orchestra

Elliott Carter's Concerto for was fine.

Orchestra is not a piece of pie. Jane Atkins, who was joint but the Symphony Orchestra of winner of the League's first the National Centre for Orches. Bernard Shore Memorial Scholtral Studies had by no means, arship for a Viola Player, made as it proved, bitten off more a still stronger impression with than it could chew when it her performance in a rare viola chose to end its concert at St. Concerto composed by Bax in John's, Smith Shipper with the performance of the provided and orchestra. It came of this prodigious virtuoso over as a piece with rather orchestral showpiece which not more than routine interest, and only connected up part to Ms. Atkins's extremely incisive whole at every point and con-playing and her shapely sound veyed a sense of the work's ter-splendidly renewed the case for

rific overall sweep, but psips—the viola as a solo instrument. bly communicated the music's. The concert had supplied an rich quotient of purely sensus earlier dose of modality and ous beauty too. The large structure characteristics of the concert had supplied an ous beauty too. The large structure characteristics and the supplied to the concert had supplied an output too. The large structure of the concert had supplied an output to the concert had supplied and out enough achievement - while Brigg Fair, not so often heard the individual notes all sounded these days; and a new (ten minright. The concert was promoted by the Royal Over-Seas League and

featured two prize-winners from its various music competitions. The soprano Susan Chilcott, who was a gold medallist in 1986, gave a forceful render-ing of the solo part of one of Samuel Barber's most successful and attractive scores, the scena entitled Knowville: Sum-

If one felt that she was a mite too forceful, too hard of timbre, one had to concede that even so she could barely hold her own against the orchestra in an acoustic entirely prejudiced in favour of the latter. But her top notes - and the piece is a vehi cle for such things - were truly and vibrantly struck, and the general impression she made

Paul Driver cobury conducted an account viola and orchestra. It came

> ute) piece by the orchestra's resident composer, Keith Gifford, seemed to promise with its title Mountain Shadows and its programme-note adverting

to landscape and the seasons, yet more of the same.

However, the music turned out to be neither impressionistic nor, in spite of what the composer stressed in his note, noticeably intimate. Indeed, it was frequently acerbic and stri-dent – characteristics that were not mitigated by the jerky, dis-continuous mode of discourse which prevailed. But the work was not without its memorable flashes of hard brittle colour, its moments of fluorescence produced a la Penderecki by the violins bowing on their bridges: it had a definite spectrometric appeal.

to landscape and the season



View of St George's Hospital showing the added Victorian floor which has ruined the effect of Wilkins design since 1859; will the chance be seized to return a neo-classical monument to its original design? Architecture/Colin Amery

Tales from the Heritage

It is hard to imagine anyone in tow an object up the Thames that is longer and wider than Westminster Abbey, and then moor it for perpetuity alongaide Westminster Bridge. You would think that the nation's sense of inquiry was not allowed to do its own history and its love of beautiful and famous views would prompt the powers that object would have on the listed be to think twice before they lose forever that vista loved by Turner and Monet.

Baralgette's noble embankment to saddled with walk-ways and eight holes pierced in it to take "services."

Under the present rules an inquiry was not allowed to do into the original physical effect this giant object would have on the listed be to think twice before they lose forever that vista loved by Turner and Monet.

It is the new pier at Westminster that concerns me so much ered. All power to the excellent — a proposal that has almost lord Montagu. He has had to received full planning consent drag his fellow peers to the from Westminster City Council and is the subject of a last minute but vital campaign by the damaging this upstart pier will doughty Chairman of English Heritage, Lord Montagu has a difficult job and he must be authority planning committee gratified that last week the at Westminster approved a House of Commons Services scheme for the conversion of St Committee finally saw the point of English Heritage's campaign with a large office development

hamburger joints, souvenir tres. Assuming that English shops and more than likely an Heritage are happy (or rela-audio visual about the heritage tively happy) to say goodbye to

a civilised country agreeing to this grim erection Sir Joseph tow an object up the Thames Bazalgette's noble embankment

Turner and Monet.
It is the new pier at WestminThames itself were not consid-

of English Heritage's campaign with a large office development to draw attention to the mon- on Knightsbridge, which will ster that is about to lurk at the mean the demolition of 1-9

ster that is about to lurk at the mean the demolition of I-9 foot of Big Ben and ruin one of the capital's finest views. The Commons intend to object very strongly to this hideous commercial intrusion.

It is a long and tedious saga, the tale of Westminster Pier. In summary after several efforts to find a design for a new pier sory Committee of English Herister council wants to allow the erection of a pier some 530 feet part in the interesting discussions and 130 feet wide which will be some 30 feet above the water level. This ghastly object has some 30,000 square feet of undefined space that can be let ever there are important commercially. So it is much principles here that have an hamburger joints, souvenir tres. Assuming that English the some sond the principles here that have an hamburger joints, souvenir tres. Assuming that English them and the water beautiful to the source of the source that a pier, and if built application to many important the source of the s

bridge and have them replaced by Mr Kevin Dash's (of the Fitzroy Robinson Partnership) design for new offices, then what is the quid pro quo from the developers in relation to the Wilkins' building? The developers Imry Interna-

tional plan to make the former hospital into a hotel, for which it is a wonderful site. There are some noble neo-classical public areas but the wards can be well converted into rooms and suites. What needs to be stressed and debated publicly now is the way the exterior of St.George's should be treated.

The hospital as we see it from

Hyde Park Corner today is sub-stantially altered by the addi-tional floor put on by an unknown architect A.P.Mee in the 1850s. Further extensions were made in the form of ablu-tion wings in the 1860s when Mee's extra floor appears to have been extended to run, disastrously from a composi-tional point of view, behind and

above the main portico.

The original William Wilkins design was a clear and beautiful version of one of his favourite source buildings - the Choragic Monument of Thrasyllus, on the Acropolis in Athens. Wilkins is of European stature when it comes to the Greek Revival, and although St. George's when it was built was George's when it was built was an economical building, it was a handsome and important neighbour to Apsley House and the classical enclave around Hyde Park Corner. Wilkins's buildings have not fared well. His great house The Grange in Hampelies is now a suit in the pro-Hampshire is now a ruin - pre-served, but still a ruin. The roofline of the National Gallery has been marred by a newish visible mansard. The restora-

tion of St.George's is a key opportunity for a scholarly and accurate rebuilding of a major neo-classical monument.

The developers at the moment are suggesting the addition of another attic floor, putting the economic viability of the hotel before accuracy of restoration. It would seem more reasonable to put some of the hotel rooms on the office part of the site, allowing a perfect restoration of the skyline of St.George's with its strong Greek classical qualities, including the major corners with their almost pylon-like compositional power. Then the strong central main portico would read magnificently, soar-ing out above and beyond the main roof – as it should.

There is currently an exhibi-tion at the RIBA in London of the restoration work carried out in East Germany since the war. In that country major buildings are most perfectly restored. Only in compromising England would anyone dream of carrying out the subtle butchery that so often passes

for conservation.

The developers here are willing and able to do the most splendid job at St George's. The officials at English Heritage are well qualified to help make this a model scheme. Why compromise now? The exchange for the lost Knightsbridge houses should be a rearrangement of accommodation on the site to allow for a perfect restoration of the exterior and main public spaces of the interior of the Wilkins building. We are talking here of a major building on a very important site in the capital of a prosperous nation What a glorious opportunity to avoid another measly compro-

Suite in Two Keys/Palace

Michael Coveney

This double-bill of Noël Coward frankly and refreshingly with plays, enterprisingly revived at this aspect of the writing. the Watford Palace, belongs to the 1966 trilogy, Suite in Three Keys, with which the playwright took formal professional But first, George is gripped. leave of the London stage.

supported by Lilli Palmer and Irrene Worth. I remember him lety of the closing pages of especially as the novelist, Hugo Coward's Diaries. The elegance especially as the novenst, rugo Coward's Diaries. The engance Latymer, in the full-length play of expression is well main-Song at Twilight, a study in tained by Caroline Blakiston as noral and amorous exposition the returning wife and Isla with traces of Max Beerbohm and Somerset Maugham. At the tress. The shifting, restless patterns it was received with more time, it was received with more terms of devotion are described politeness than rapture, as with steely precision and the right sort of Cowardian hauwere the shorter plays. Cow-ard's aim was to write a star vehicle for himself, and he pad-ded venerably around the stage hotel like a heavily sedated Chinese emperor, flicking out his own lines with bilious hastiness.

in fact, these plays are not brittle and smart like the ones we know best. The style is more even, more regretful, imbued with premonitions of death and recapitulations of lost life. And love. They are beautifully con-

In Shadows the trio will depart for an evening of gambling across the lake in Evian.
But first, George is gripped by a spasm of fear, and his speech Coward appeared in all three, of rise-above it chill cheeriness

> Martin Sutherland's cool grey hotel suite has some smart long mirrors and room-high white gauze drapes that are ruffled by the breeze off the lake. In the second play, the sun shines strongly though and a spirit of glumly impending festivity is suggested by a canopy and blue

recapitulations of local and love. They are beautifully constructed and written without a hint of sententiousness. The glacial candour is almost disconcerting.

At Watford we have Shadows at Edna Everage. In comparison, of the Evening in which the publisher George Hilgay, with about nine months to live, anticipates the void in the company of his wife and his mistress; and Come into the Garden Maud in which a Minneapolis business tycoon,

Winneapolis business tycoon,
Verner Conklin, abandons his
grotesquely vulgar wife for an
exotic Sicilian princess.

The especial merit of Matheway Francis's productions is The especial merit of Matthew Francis's productions is Suez Canal is re-written as an
their avoidance of any imitative Cowardian sheen. The
director's reverse namesake, acceptably, George Hilgay is
Francis Matthews, plays George
Hilgay with a dapper, uncomplicated charm, and Verner
Conklin with a brazen gustiness. Both pieces are underpinned with a sense of sexual
need, and Mr Matthews deals

between the two ladies in the
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London Sinfonietta

Max Loppert

O'Jays/Hammersmith Odeon

Antony Thorncroft

The O'Jays certainly did their Philadelphia on the pop map in bit for Comic Relief on Friday the process. Their routines are

After all the rigours of to near-bareness, to single voice London Sinfonietta under David Atherton chose to shed its brass and woodwind forces for Thursday's Elizabeth Hall con-cert of Britten, Bartok, and Shostakovich. It was a chance for the orchestra's strings to demonstrate just how com-pletely they can take hold of music written to show them off

hears Shostakovich's 13th Sym-

full-dress birthday-celebration and string lines in slowly concerts of recent weeks, the unfolding partnership, seemed London Sinfonietta under David made of pure musical muscle tained performances the dan-gers of the texture going threadbare are sometimes only

narrowly avoided).

Atherton's soloists fitted in admirably with his approach: Felicity Palmer, an urgently dramatic soprano long-experimusic written to show them on dramatic soprano long-experiniterms of buoyant, vigorous enced in this work, is particular execution, of playing that alert in scornful or bleak-toned really got its teeth into the declamation, and John Tomlinnotes, this "conservative" Sinfonietta concert need fear no her match in idiomatic vividunflattering comparison with any other in the ensemble's song I though in the "Delvig" song I though the fussed a little finically with the line). Altogether-Fantage soprano long-experienced in this work, is particular enced in this work is particular haunted vision was painted in hears Shostakovich's 13th Symphony – the late 11-movement "poem symphony" for soprano and bass soloists, strings and percussion – there is always something surprising, stirring and disturbing to discover in it. On this occasion, the string playing gave full value to every note under Atherton's absolutely sure control, with strong fibre in the attack and a wide charms I quickly weary) the fibre in the attack and a wide charms I quickly weary) the colour range; and for this very reason those many passages that Shostakovich fined down

and radiant musicality tri-umphed in spite of moments when the tone went hard or

Max Loppert

Cosi fan tutte/Glasgow

Richard Jones's new production of Cosi fan tutte for Scottish Opera, first seen at the Theatre Royal, Glasgow this weekend, is keenly imagined, intelligent and original. The general trend of recent British stagings of this opera has been to underplay the ornate symmetries and finely wrought artifices of its working, in favour of drawing out with naturalistic intensity the growing pains and passions of its emotional entanglements. This one is different. The set (another characteristically cool,

witty piece of design by Mr Jones's regular partner, Nigel Lowery) invents a stage-with-in-a-stage on which Da Ponte's in-a-stage on which Da Ponte's play can be unfolded with high theatricality. Out of a combination of 18th century elegance and 20th century cynicism the production devises, indeed, its own stage manners, its own brand of Mozartian theatrical pricing the letters of the word. vision: the letters of the word NAPOLI lining the right side of the stage front, and the foot-lights flashing on to underscore the chosen style, are just two examples of its curious and

that admirers of the Jones Rake's Progress for Opera 80 will particularly relish. At times, one fears that the point of overdoing things has been passed, and that self-made difficulties have been created (by, for instance, the banishing of

the chorus to the pit).

Yet the line of the production's own dramatic logic stays firm, for it is governed and disciplined by a powerful sense of the key musical and dramatic issues in question in this myste-rious, monstrously complicated, serenely disconcerting master-piece. Unfashionably but accu-rately, for instance, the pro-ducer has heard Mozart's the chosen style, are just two outburst of woodwind laughter examples of its curious and recry definite individuality.

The broken vows, bruised feelings, and fragile reconciliations

Arts Guide

LONDON

Philharmonia Orchestra conducted by Sir Neville Marriner with Nigel Kennedy, violin. Wagner, Walton, Mussorgsky/Ravel. Royal Festival Hall (Mon). (928 3191). National Youth Jazz Orchestra. Tribute to Woody Herman. Barbi-can Hall (Tue). (638 8891). Israel Piano Trio. Schubert and Brahms. Wigmore Hall (Wed). (935 2141).

Brahms. Wigmore Hall (Wed).
(935 2141).
BBC Symphony Orchestra, conducted by Sir John Pritchard with Alexander Baillie, cello. Amthony Powers, Walton and Strauss.
Boyal Festival Hall (Wed).
Royal Philharmonic Orchestra, conducted by Yuri Temirkanov with Dmitri Alexeev, piano. Berlioz, Schumann and Stravinsky.
Boyal Festival Hall (Thur).

TOKYO

Pinchas Zukerman with the Tokyo Symphony Orchestra. Violin con-certos by Bach and Beethoven. Suntory Hall (Mon). (362 5764). Pinchas Zuckerman and Marc Neik-

rug. Bach, Bartok, Franck (Tue); Mozart, Brahms, Prokofiev. Sun-tory Hall (Wed). (353 2242).

Hungarian State Symphony Orchestra, Suntory Hall (Wed). (235 1661).

PARIS

Odile Pierre, Organ: Vierne, Durufle, Morton Feldman (8.30ma); Roland Pidoux, cello,

Jean-Claude Pennetier, piano: Breval, Beethoven, Franck (10.30pm), both concerts, Tue, Radio France, Grand Auditorium (42.30 15 16).

Main Planes and Georges Pluder-macher, pianos: Beethoven/Liszt (Wed), Badio France, Auditorium

106. (42 30 15 16).

out of true, drop curtains and have all been sharply exposed honse facades fleetly rise and (with Guglielmo hitting the botfall, and Vesuvius (which is the while Fiordiligi pleads for indeed mentioned in the text) his forgiveness). Then suddenly stands comically large in the a shift of lights, manners and sisters' back yard, apt to glow theatrical perspectives changes red and hot at key moments of the mood to that of amused, emotional pressure. There are a relaxed final reflection - a marbountry of visual jokes little vellous chalte of the Manneton bounty of visual jokes, little vellous shake of the Mozartean whimsical, anachronistic kaleidoscope, and a moment of flashes of humour of the kind genuine Cost richness.

> The potential of this produc tion was, however, not fully delved on Saturday, because the casting seemed uneven, and the conducting of Graeme Jen-kins insufficiently sharp in out-line. For Glyndebourne Touring Opera last autumn, Mr Jenkins conducted with distinction Peter Hall's classically composed Cosi; but for this performance something different was wanted, and not forthcoming. Scene followed scene at too equable and steady a gait and pace. The playing of the Scot-tish Opera Orchestra was plain and often untidy.

The sisters - Marie Slorach a

ITALY

Florence, Teatro Comunale. Concert

(65 41 044).

Joseph Auditoria del Gonfalone (via del Gonfalone 32/A). Beethoven, Mozart and Schumann played by the Salzburg Trio (Thur). (68 76

ome, Teatro Olimpico (Piazza Gen-tile da Fabriano). Pianist Paolo Bordoni. Schumann and Schubert

NETHERLANDS Amsterdam, Concertgebouw. Anton Kersies conducting the Nether-lands Philharmonic with choir and

soloists: Mozart, Mendelssoh (Tue, Wed). Recital Hall has Juli

(Wed). (39 33 04)

edgy; Miss Shearer, young and greatly promising, lacked sup-pleness and sophistication in shaping her music. Maldwyn Davies (Ferrando), a livelier actor than usual, was plainly not in good health (though no announcement was made). Steven Page's Guglielmo is both trenchant and romantic (he manages the wounded close with pointed yet glancing sug-gestiveness) and very well

ach's protean vocal technique

There is a strong Don Alfonso in Andrew Shore, and an absolutely sizzling Despina - tough, mature, splendidly deft in reci-tative - in Elizabeth Gale, who makes more of the Martins' translation than anyone else. Most of all the cast, she has discerned and responded to the peculiar thrust of Mr Jones's direction. His is not by any means a "perfect" Cosi, but it adds something new and dissmall, chubby, serious elder adds something new and disand Clare Shearer a bubbly, tinctive to our understanding of rangy, volatile younger – are not ideally paired. Miss Slor- achievement. the opera. That's quite an

with the first pelvic thrust seen on a London stage in years. And Vienna Philharmoic Orchestra, conducted by Clandio Abbado, Maurizio Pollini, piano: Beethoven (Wed, Thur). Salle Pieyel (45 63 88 73).

Nouvel Orchestre Philharmonique conducted by Charles Farncombe, Ingrid Haebler, piano, Peter Jeffes, tenor: Mozart, Britten (Thur). Radio France, Grand Auditorium (42 30 15 16). Griffes, Copland, Lee, Gershwin (Thur). (31 45 44). The Hague, Philipszaal. The Con-certgebouw Orchestra conducted by Ivan Fischer, with Yuzuko Hor-igome: Berlioz, Mendelssohn, Bar-tok (Thur). (60 98 10). when he howls "I'm going to kiss you in your coldest spot," he is not really making a choice between her feet and the tip of her nose, is he? It is all a game, the well-worn ritual of soul

NEW YORK

Riri Te Kanawa recital. Mozart, Ravel, Strauss, Liszt, Gransdos, Obradors (Wed). Carnegie Hall (247 7800).

New York Camerata. Schubert, John Gibson (world premiere), Louise Talma, Vanghan-Williams (Thur). Merkin Hall (362 8719).

New York Philiparmonic Charles. poor battered girl has gone off with some guy from the other side of town. The O'Jays have

WASHINGTON

CHICAGO

(Tue, Wed). Recttal Hall has Julia Harmari, mezzo, accompanied by Konrad Richter: Schumann, Kodaly, Richard Strauss (Tue). Vera Beths, violin, Jurgen Kussmaul, viola, Anner Bijlsma, cello: Mozart, Ravel, Vermeulen (Thur). (71 83 45).
Utrecht, Vredenburg, Recital Hall. Alban Berg Quartet: Beethoven (Tue). Piano recital by Noel Lee: Gottschalk, MacDowell, Ives, Chicago Symphony, Sir Georg Solti conducting. Mahler (Tue); Sir Georg Solti conducting, Adolph Herseth trumpet. Husa, Bartok, Brahms (Thur). Orchestra Hall

February 5-11

Florence, Teatro Comunale. Concert performance of Ibsen's Peer Gynt, adapted by Giorgio Albertazzi (who also performs) in a speaking part to music by Grieg, with solo voices MargheritaVivian, Mary Lindsey and Annamaria Ferrante (Tue and Wed). (27 79 236). Rome, Auditorium in via della Conciliazione. Beethoven's triple concerto and Haydn (Mon and Tue). (65 41 044).

(rnur). Merkin tall (302 5/19).

New York Philharmonic. Charles

Dutoit conducting with Zoltan

Kocsis plano: Raydn, Bartok,
Rachmaninoff (Tue). Zubin Mehtz

conducting. Stravinsky (Thur).

Avery Fisher Hall (874 2424).

Philharmonia Virtnest Biohard Philharmonia Virtuosi, Richard Kapp conducting, Cyprien Kat-saris piano. Milhand, Liszt, Rec-thoven, ibert (Thur). Carnegie Hall (247 7800).

National Symphony, Mstislav Ros-tropovich conducting. Boyce, Tchaikovaky (Tue). Mstislav Ros-tropovich conducting also on Thursday with Eugene Istomin, piano. Rossini, Haydn, Brahms. Kennedy Center Concert Hall (254 3776).

bit for Comic Relief on Friday night. The very sight of the three middle aged men, bursting out of their Bacofoil suits as they ran on stage at the Hammersmith Odeon, was enough to lift the spirits. As they progressed through a routine that would have looked they progressed through a rou-tine that would have looked

tine that would have looked quaintly old fashioned a decade ago the sense of well being grew, encouraged by the belief that the O Jays must be sending themselves up, mustn't they? Surely lead singer Eddie Levert has a twinkle somewhere as he song, but because it is so over the top, so cliched, no one felt compelled to remain upstandhas a twinkle somewhere as he ing. It was a show, not reality. There was one unplanned moment when a man from the audience offered Levert a red anose in return for the O'Jays album he was shamelessly promoting as musical Spanish Fly. The singer got the nose; but the album went elsewhere. An O'Jays audience should know its place - clapping along swamusic in which the songs alter-nate between expressions of its place - clapping along, swamonstrous love making threats ying along, but not competing. The O Jays enjoyable escapist ballads of rejection after the drool was well-matched by support act Levert, fronted by two of Eddie's sons. They were

more abrasive, and worked the audience hard. They will learn been doing this sort of thing for audience hard. They almost thirty years, putting to cool down in time.

Saleroom/Antony Thorncroft

There is a frivolous streak to in the film Bus Stop. Last May Sotheby's managed a price of £15,950 for a Marilyn dress from the same film but that was a flamboyant showgirl out-

advances on his female target in the front row to confront her

with apparently bewildered

In contrast the sale includes a linen night shirt reputed to have been worn by King Charles I which he left behind after a visit to Rushbrooke Hall, Suffolk. It has a good Herseth trumpet musa, partor, Brahms (Thur). Orchestra Hall (485 8111).

Radu Lupu and Murray Perahia duo piano recital: Mozart, Schubert, Brahms (Wed). Orchestra Hall (485 8111).

Hall, Suffolk. It has a good provenance and an estimate of \$5,000. Somewhat more jolly is the pair of velvet slippers handmade for Cecil Beaton, with a gold monogram "CB".

Phillips is offering Valentines this week's auctions in London. on Wednesday, including a On Thursday Sotheby's is disposing of dolls, toys and costumes, including the black mechanical "Beehive" card, carbiouse worn by Marilyn Monroe ries a \$100 estimate, but most should sell for about \$30. Also on offer are some rare "black" Valentines, which carry derogatory messages to unloved ones. Sotheby's on Wednesday is fit: the blouse should make a holding its second auction more modest £3,000 plus.

devoted to Viennese art of the turn of the century. Encouraged by the prices paid for works by Klimt and Schiele the

saleroom gathered in 1986 other artists of the period and organised a successful sale. This time there are 183 works, ranging in price from an antici-pated \$100,000 plus for "Peo-nies and violets" by Koloman Moser to £500 for a textile design by Carl Krenek.

ISLE OF MAN

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MONDAY 16TH MAY 1988

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Monday February 8 1988

Mitterrand's hard choice

THE FIRST round of the French presidential election is less than three months away, yet France is still waiting with baited breath to see whether its heavy-weight champion, Mr Francois Mitterrand, will enter the ring to defend his either the ring to defend his enter the ring the ring the ring the ring the ring the ring the r Francois Mitterrand, will enter the ring to defend his title. The assumption by his own Socialist Party and his main political rivals, Mr Jacques Chirac, the neo-Gaullist Prime Minister, who has already declared his candidacy, and Mr Raymont Barre, the former centrist Premier, who is expected to do so today, is that Mr Mitterrand will run again.

However, Mr Mitterrand, whose virtuoso political skills were developed in the wheel-er-dealer atmosphere of the Fourth Republic and perfected in several presidential campaigns, is in the habit of keeping both his opponents and supporters guessing about his intentions. It has not always been clear whether this attitude been clear whether this attitude was the result of a personal inclination to mull over momentous decisions for what others might consider an inordinately ation of suspense was an inten-

A mixture of both is probably the right answer. Certainly, the prospect of embarking on prospect of embarking on another 7-year presidential term at the age of 71, quite possibly in tandem with a National Assembly and a rightwing dominated government largely hostile to him, must give Mr Mitterrand, and even some of his supporters, pause. give Mr Mitterrand, and ever some of his supporters, pause.

Yet from a purely tactical point of view, it can hardly be denied that Mr Mitterrand's refusal to commit himself early on in the campaign has served his own cause and that of his party - that is, on condition that he runs again. His rivals have been left, if not exactly tilting at windmills, at least without a firm target to aim at.

Mr Barre, have adopted in their dealings with each other, they cannot fail to come to blows in the end. For under the presidential election system, only the two leading candidates in the first round go forward to a run-off, in the probable event that no-one wins an absolute majority first time round. Since all the indications are that Mr Mitterrand would poli most votes in the first round if he were to run, Mr Chirac and Mr Barre would have to fight each other for second place. If Mr Mitterrand's electors

duct which the two conserva-tive candidates, Mr Chirac and

tactics are astute, it is much less certain that a decision to run for a second term would be in the interests of the country as a whole. No one would deny that Mr Mitterrand has been an impressive figure as head of state, who has done much to bring France closer to other European countries, particu-larly West Germany, and the Atlantic Alliance. Yet his record on the domestic stage has been much less convincing, starting with the Socialist Gov ernment's disastrous nationalis ation programme and its dash for growth when its main trad-ing partners were tightening their belts.

Wide following

Mr Mitterrand appears to have no genuine alternative economic policy to that of the present conservative Govern-ment. Moreover, it may well be asked whether a president in his 70s is not too old to run a country, even under a system of power-sharing.

Instead of waiting until the beginning of March to announce whether he will run again, Mr Mitterrand would do well to bring his decision forward. If he were to bow out now, he would do so with honour and Disastrous programme

Mr Mitterrand has calculated, almost certainly correctly, that, in spite of the code of good con
would to so with holder and the respect of the French people, and it might still give a talented moderate Socialist candidate with a wide following, such as Mr Michel Rocard, an outside chance in the election.

Playing politics with schools

Thatcher Government's reforms of the education system is what it does for those who fail under the present have received under Ilea. one, not least those who live in the impoverished inner-city areas of the UK and who ben efit least from 11 years of schools and colleges have compulsory schooling. It is been sited and built to serve against that standard that the proposal to abolish the Inner London Education Authority needs to be judged and against that standard that the the terms of the Governproposal is found wanting.

and further education, except in universities, throughout education than those in oth the 13 central boroughs of the ers. capital. Established in 1965, it is the latest in a line of single authorities which have run education in inner London since school-attendance was made compulsory almost 120

Labour control

Since the Conservatives took office in 1979 the Prime them - Westminster, Wandsworth, and Kensington and Chelsea - said they intended to do so. Less enthusiasm has been shown by the rest. Whereupon more than 120 the abolition of the Ilea. As a result, the Government has politicians are at least as irrethat by April 1990 the individual boroughs will have responsibility for education thrust upon them.

the important issue is tion to one far worse.

THE PRINCIPAL test of the whether the children of inner London will be provided with a better education by the sep arate boroughs than the

The prospects of an improvement are not favoura-ble. One reason is that the been sited and built to serve areas broader than arbitrarily defined boroughs. Unless the boroughs make extensive joint arrangements - which ment's proposal suggest are to be subject to specific approval by Whitehall - the The Ilea is responsible for approval by Whitehall - the state-maintained schooling young people of some areas will have better facilities for

High spending

Moreover the variances in existing physical provision would be exacerbated by differences in wealth. The Ilea's high level of spending by national standards has, in general, failed to raise the educational attainments of its pupils to a satisfactory level, but at least the money has Minister has made no secret been fairly evenly distributed of her wish to break up the across inner London. If each authority which for all but borough were left to depend largely on its own resource tence has been under Labour the poorer boroughs with control. The means originally responsibility for most of the chosen was to allow the bordisadvantaged children would oughs to opt out of flea and hardly be able to stop their take individual charge of eduservices from becoming cation in their areas. Three of worse.

In addition, the present boroughs of London are purely arbitrary creations of the 1960s. London is an entity, hut Southwark is a figment of Conservative MPs pressed for the bureaucratic imagination. sponsible as anything in the Ilea in its early 1980s heyday.

Perhaps the detailed arrangements for the change will include effective mecha-The motive for the decision nisms to prevent such foreis wholly political. Mrs seeable ill effects. What is Thatcher and her colleagues certain is that if effective have been irritated by the mechanisms are not found the Labour-controlled authority's Government will bear the uncompromising resistance to heavy responsibility for government policies, espe- allowing political spite to cially in the early 1980s. But change an already bad situaCharles Leadbeater and John Griffiths examine the implications of the strike at Ford

A doubt hangs over Dagenham

FORD Motor Company's manual workers begin their first strike for a decade this morning, amid nostalgic comparisons with their last strike in 1978, which heralded the Winter of Discontent by fatally puncturing the pay policy of the Labour government of the time. Nostalgia aside, this strike does

not signal a return to the bad old days of British industrial relations. It follows the most strike-free period at the company since the Second World War. This single dispute does not mean that mass meetings on factory football fields are once again going to become the dominant image of industrial relations,

None the less, the strike crystallises an uneasy doubt which has hung over the renewed competi-tiveness of British industry, and the refashioning of industrial rela-tions which has accompanied it. Does the strike show that the momentum for change, which built up during the dark days of the early 1980s, was less powerful than it seemed, and has now dissi-

The conduct of industrial rela-tions at Ford will be seen by many as a proxy for how unions would behave in an economy which was closer to full employment. Ford's productivity, profitability, and output have risen significantly over the last couple of years, while the workforce - currently about 42,000 - has fallen by only 500. Has this led to a shift in the balance of

power of industrial relations?
The first main ingredient in the strike is the workforce's response to the company's continued drive for more flexible working practices, after a two-year agreement in 1985 which brought dramatic changes to shopfloor life.

An assembly line worker at Dag-

enham explained last week why change has not been fully accepted on the shopfloor: "Flexibility means that every 102 seconds a car comes by, and not only do you have to screw something into the car, but in between you have to tidy up, check your tools, repair things and check you've got enough parts. You do not have a single job any more. If there is no work on the line they move you to where there is work

You are working the whole time."
So as Ford has embarked on the
next round of flexibility - by proposing work teams, led by shopfloor group leaders, in which there would be a measure of interchange ability between skilled and unskilled workers - many on the shopfloor are still angry over the last This is not the only ambiguous

legacy of the last agreement. The flexibility it brought has helped to raise output from 6.4 vehicles per employee in 1984 to 9.5 vehicles per employee in 1986. The rise in profitability to which this has contributed has heightened pay expec-At the same time, there has been

a tightening of the overall labour market. The backdrop to the last agreement was a rise in unemployment in Essex, where the company has several of its plants, to around 12 per cent. Since then it has dropped back to 8 per cent. The change in the local labour market has particularly affected skilled workers. Skilled electricians at Ford could earn about \$4,000 a year more with local contractors.

All this has meant that workers



perceive a company, and a local economy, which can afford to pay more without needing too much in return. From the offices of senior managers, things look very differ-

It still takes 65 per cent more hours to build a Ford Fiesta, Escort or Sierra in Britain than in West Germany. Ford's British plants require two and half times more hours than the Japanese to build a comparable vehicle. These are not mere abstractions: Nissan's plant in Tyne and Wear will soon start pumping out 50,000 cars a year with a labour content costed at \$550 per car, compared with \$890 for Ford cars from Halewood, according to Ford internal calcula-

This conflict between the company's perceptions of its continuing need for greater efficiency and the workers' perceptions of the relative stability and affluence of their economic environment has made it much more difficult to sell flexibil-

The momentum for change has not entirely dissipated. The company will continue to seek change, and union leaders' recognition of the need to respond to competitive pressures is more than just good public relations. What the strike suggests, however, is that this acceptance by the union leadership has not been matched by a change in culture among shop stewards and the shopfloor.

The second major ingredient has been provided by the secret ballots brought in by the Government's trade union legislation. Secret ballots may have ended the days when union leaders could call their troops out with impunity, but they have also made it more difficult for them to sell a deal.

In pre-ballot days, for instance, the Ford offer would have been accepted, on the basis that 11 of the 21 union bargaining units voted for the agreement. And the important ballot in which 59 per cent of the workforce rejected the threeyear agreement recommended by their leaders was not a formal pre-strike ballot.

The unions were given authority to call the strike by an earlier bal-lot, conducted before the company made two improvements in its offer, in which 88 per cent of workers voted for industrial action. Many of them, however, were clearly voting to strengthen their negotiators' hand rather than directly for action.

On balance Ford and other employers have welcomed the

Does the strike show that the momentum for change has now dissipated?

introduction of pre-strike ballots. This strike shows, however, how the unions have been able to use them to advantage. And the ballots have lent an element of unpredict-ability to industrial relations.

The third ingredient in the Ford strike has been the fact that what the union negotiators wanted has never been as clear as the frustration on the shopfloor. As a conseto shift aim as the negotiations have continued, offering uncertain leadership.
For Mr Mick Murphy, of the

Transport and General Workers' Union, the unions' chief negotiator, the main issue has appeared to be that the company could afford to pay more. On January 28 Mr Murphy rejected a 4.5 improvement in the offer, but then three days later

accepted the deal with a further improvement worth only 57p a

week after tax. Mr Jimmy Airlie of the engineer-ing union, Mr Murphy's deputy in the talks, has argued by contrast that money was never going to be the main issue. Instead the unions wanted greater control over the introduction of changed working practices, so that greater flexibility would be immediately rewarded by improving blue collar conditions of employment up to white collar levels, and introducing revised pay structures for skilled workers. (Ford's offer promised to introduce harmonised employment conditions only after three years.)

Union negotiators insist that Mr John Hougham, the company's chief negotiator, has added to the difficulties. As one union negotia-tor explained: "Hougham has cre-ated the conditions for a strike by asking for too much. People do not want a deal lasting three years; to seal that kind of agreement you need to do a lot more than just offer more money. You need to build other forms of security in, so that people have more control over

Now that a strike has started, the most immediate question for the unions is whether they can main-tain unity, Over 9,000 workers voted to accept the deal, against the 15,000 who rejected it. It seems unlikely, however, that there will be any early split in the unions' ranks, especially at the key plants at Dagenham in Essex, and Hale-wood on Merseyside, partly because the company believes that to encourage people to cross picket lines would further complicate an already messy situation.

While union leaders have talked about the strike lasting about two weeks, it is unlikely they want a long dispute which could sap their new found strength.

Ford is also in a weak position. If

the strike lasts even a few days the company will feel the effects throughout Europe. By spending heavily on its UK manufacturing operations since the end of the 1970s - more than Austin Rover, Vaushall and Pengeot combined—Ford has left itself vulnerable.

British Ford plants are the only source of most of the engines fitted to Fiestas, Escorts and Orions, and of the 2.5 little direct injection diesel engine fitted to the Transit van.

Thanks to the relentless pursuit of

Thanks to the relentless pursuit of Japanese style manufacturing efficiency, there are no longer big stockpiles of engines and other components at each plant.

could have is underlined by a warning from Ford's plant at Genk, Belgium, that 2,500 workers could be laid off on Tuesday - the result of not having UK-supplied body pan-els and engines to assemble Sierras and Transit vans. In less than a week, Flesta and Escort output at Saariouis, West Germany, and Valencia, Spain, will be severely dis-

All this comes on top of lost production worth £17m a day at showroom prices. Ford itself could not fill the vacuum entirely by import-ing more cars from the Continent although it did manage to fill most of the breach left by pre-Christmas stoppages. One potential beneficiary is Nissan, which is stepping up output at its Tyne and Wear car plant from 29,000 units last year to 50,000 in 1988. But it has yet to gain widespread acceptance in the important fleet markets.

The components industry is partly protected from the impact of the strike by its moves to diversify markets in past years. None the less Ford claims an average 83 per cent UK content for its cars produced in Britain; major suppliers include British Steel, GKN, Pilking-ton and Lucas. For such companies, Ford components are a small part of total revenues. Harder hit will be smaller companies, mostly in the Midlands, which are much more dependent on Ford. Settling the dispute will be far

from easy. The unions now say it is not a matter of money: they want a shorter deal. But the company says that with three months of the agreement period already gone, it more than ever needs a full three years to introduce complex changes such as harmonisation of terms and conditions. So a shorter deal would require the renegotiation of the entire package. But this could run into opposition from Ford's world headquarters at Dearborn, Michigan, which is keen on a three-year deal.

The wider ramifications of the strike are more difficult to predict. Industrial relations at Ford will suffer from bitterness for some time. Despite the company's communications programme aimed at winning greater involvement and commitment from workers, the strike will leave a legacy of distrust and bitterness, which union leaders warn will undermine recent gains in quality and productivity and endanger future progress.

In industry at large, it seems unlikely that the 1988 strike will have the same catalytic effect as the 1978 dispute. However many unions with members in the private sector will watch the strike with interest: an inkling of victory for the Ford unions will lend them greater confidence.

Box in the House

The House of Commons votes again tomorrow on whether to allow its proceedings to be televised, at least for an experimental period.

The reasons why the "ayes" should have it are as follows. The televising of parliament works well in other countries. in West Germany, the one I know best, it is absolutely straight and there are few complaints. It is utterly peculiar that Britain – along with the Irish Republic and New Zealand – should be the odd country out among the developed democra-

The argument that there is no popular demand for televised proceedings does not stand up.
There was not a great deal of
popular demand for many of
the democratic reforms introduced into this country over the centuries. Indeed one of the points of a liberal democracy is to get in first with evolutionary changes before popular demand gets out of hand.

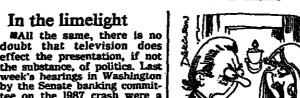
The strongest argument of all is that allowing the electorate to see the people they choose to represent them in action is a natural extension of democracy. It was not possible before because the technology did not exist. It now does. Keeping out the cameras would be akin to keeping out the newspapers.

Margaret Thatcher says that she is against the change because it would further give Parliament a bad name. It is fascinating to contemplate where that argument leads. It means that if MPs go on behaving badly - on her definition even sound broadcasting should be banned.

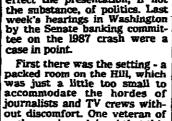
Actually, one of the problems of sound broadcasting is simply

the proceedings sound much worse than they are. Television should show that they are often Those who want to foster liberal democracy will know how to vote. But perhaps some mem-

of the House of Commons make



OBSERVER



out discomfort. One veteran of such occasions claimed that this was a well known ploy of the committee chairman, Senator William Proxmire, who hates to play to a half empty hall and knows that there is nothing like the heat of crowded are lights to keep the more boisterous of his colleagues in check. Then there was the way that

the hearings were developed to suit particular audiences. Wall Street's finest were encouraged to keep their spoken testimo-nies brief, and then it was over to the senators to work out their constituencies. New York's Alfonse D'Amato was so horrified at the thought of any fresh legislation for the New York Stock Exchange that he had a prepared press release of his views on the subject ready

to hand.
The idea that the Securities and Exchange Commission should be given any further powers over the Chicago mar-kets - noted for the strength of their lobbying muscles - seemed equally repellent to Senators from the Mid West.

For the most part, questions would take the form of long statements requiring only the briefest of acknowledgements from the distinguished people a technical one. The acoustics on the stand. There were occasional lapses though, such as when John Phelan of the New

rer than it had been at the feels better for it.



"What frightened the stock market today - the strikes, the weather or the rugger

beginning whether legislation was on the way to put the secu-rities industry's house in order. Proxmire appeared through-out to be convinced that new laws were required, but the chances of any major initiative in the face of determined political opposition appear slim.

Early warning Palestinian residents of the Gaza strip may be interested to hear of a slogan on one of the many tee-shirts for sale in the tourist shops on the Via Dolo-

rosa in Jerusalem. A message alluding to Israeli militarism turned out to be prophetic. Spotted not long before the present troubles arose, it said: "Visit Israel before Israel visits you".

All we like sheep

The spread of buskers in the London Underground is an entirely welcome development York stock exchange went off though admittedly some are into a detailed explanation of better than others. There is a margin requirements which left | particularly pleasing saxaphonbrows furrowed and eyes ist who occasionally plays at the foot of the long escalator at At the end of it all, it was no Notting Hill Gate and everyone

What interests me, however, is the crowd psychology. If one person throws him a coin or two, others behind follow: if not, they also ignore him.

I have been conducting this experiment for several weeks experiment for several weeks now. The findings go further. If you are at the head of the pack and fish in your pocket for money, then find you have nothing appropriate and pass the musician by, others behind have started fishing in their pockets as well. But, on the whole, they only shell out if the leader has done so.

It cannot be that so many people can lack the odd coin at the same time. Thus it must be that people behave like sheep and follow the leader. Yet even that is not an

entirely satisfactory explanation. How is it that some sheep are leaders and some are fol-Yesterday morning there was

an illustration of what I am writing about in close-up. A rather bad guitarist was already playing in the carriage when a number of us, all sepa-rate, got in. We knew at once that the moment of truth would come when he came round with the hat. A few very discreet glances were exchanged and in the end we all paid up looking, I thought, rather pleased with Perhaps that is because it

was Sunday. Good health

The Mental Health Founda-

launch the establishment of the Substance Abuse Committee mainly directed against alcohol and drugs. They chose the Institute of Directors in Pall Mall as the venue.

The loD said that they only served lunch with alcohol and

they ended up drinking. Heard in Moscow a"What is socialism, com-

insisted on charging a hefty

corkage if it were to be dry. So

"Socialism is the longest road between capitalism and capital-



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المكذا من الاصل

IN COGNAC you do not really count until your family has clocked up at least five generations in the business. The Martell family has been in

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cognac for eight generations.
Consequently, their decision
to sell control of their company the second leading producer of cognac, has caused consternation in the Charente region where the spirit is produced. The month-long battle between the Canadian conglomerate Seagram and Grand Metropolitan of the UK over Martell, with a final price 40 per cent higher than the open-

ing bld, has worried Martell workers and local politicians. "It was quite a fight. Now who will pay the bill for the seven to eight years of sales, broken crockery?" asked one or FFr I.5bn (\$149m) in the Martell employee.

was founded by an Irishman stocks in its balance sheet, 60 in 1765, and smaller houses per cent of total assets. Marin 1765, and smaller houses per cent of total assets. Mar-like Hine and Otard are of tell has around four and a English or Scottish origin. half years of sales in stock, Seagram, which has now won the Cognac region as a whole the bidding battle for Martell, itself aiready owns the oldest cognac house of all, Augier, tablished in 1643.

Seagram can scarcely be accused of disturbing the traaccused of disturbing the traditions of Cognac; it has got enough stock. If they are barely exploited Augier in the 20 years it has been in its possession. Mr Edgar Bronfman Jr, whose family controls seagram, admits that the group has never really paid attention to Augier.

Of turnover, Likelly you have to up as high as 10 per cent then possibly, depending on your exact situation, you have too much, "commented a senior cognac executive.

Various challenges lie ahead for cognac. Sales are moving up market, with the more

formal alliance with Hennessy up to 1947, and in an amiable dual hegemony afterwards, Martell has been a dominant force in the cognac market for two centuries. Today, the two groups between them account for over 40 per cent of cognac sales; together with Remy-Martin and Courvoisier, they make up over two thirds of

If Martell, with its powerful brand name and strong sales network, especially in the Far East, needs the support of a the increasing expense of bigger partner in today's maintaining an effective sales world market, then what are organisation around the the survival chances of the

of the company. He blames France's wealth tax, which he says reduced available capital for family companies by 8 to 9 per cent between 1981 and its repeal in 1986. In addition, Martell's capital has been dis-persed among an ever-widen-ing family. "If you stay small, inefficient and unprofitable," jokes Mr Firino-Martell, "per-haps you can hold out."

In the light of Seagram's successful bid for Martell, George Graham looks at the future for French cognac

The distinctive aroma of market share

balance sheet of Remy Martin, It is nothing new to have which is heavily - some say foreigners in the region. The too heavily - indebted. Henlargest producer, Hennessy, noo, has FFr 1.5bn of

around six years.
"You measure the strength of a company by the size of its inventory. If your financing costs are only 1 per cent

But Martell is different. In up market, with the more ormal alliance with Hennessy expensive — meaning older — up to 1947, and in an amiable cognacs growing rapidly. This interest is the property of the cognacy of th longer and buying more of the handmade 350 litre oak casks used for maturing the spirit at a cost of FFr 3,000 each.

Ironically, in a downturn a cognac business can generate more cash by destocking, but when it is expanding sales, it must speed up stockbuilding to meet demand in four or five years time.

But the biggest challenge is world. Five sixths of all smaller producers? cognac is exported, and for "It is practically impossible today for a family business to remain independent," says Mr 95 per cent:

Rene Firino-Martell, chairman of the company Habitanian In Europe, distribution costs are relatively low, but profit margins are also low in

France - a declining market where the absence of a leading label and the proliferation of cheap, supermarket brands have hurt the whole product. In the US, cognac's largest market, sales are steady despite a swing away from spirits in general. But sales haps you can hold out."

Cognac is a capital-intensive business where producers have to finance huge stocks of spirit for blending producers like Hennessy have

are high but where the poten-

Cognac producers also see

will experience the greatest been achieving growth rates giant. Team years," says Mr Bronfman. Tecenit years. Remy is doing gram's He adds that it is difficult to be a major player in the while Hennessy has been Far East drinks market with advancing strongly.



and selling many years later.
These stocks account for seven to eight years of sales, the effect.

These stocks account for baye thus been able to delay basin and now in mainland bulk from France, bottled in China – have always been Japan and sold much more china – have always been Japan and sold much more china – have always been the stock of the sales of cognacs shipped in basin and now in mainland bulk from France, bottled in China – have always been Japan and sold much more china. But the major area of heavy drinkers of brandy, cheaply - a technique that expansion today is the Far and they are ready to pay for has hit Scotch whisky sales in East, where distribution costs premium brands. This anxiety is are high but where the potential in South Korea great potential in South Korea great potential in South Korea the French government's enormous. "Martell's strength and Thailand which are tradiin the Far East was a major consideration when we took our decision. We consider that the Far East is the area which some brands of cognac have the sale of bulk cognac, to Suntory, the Japanese drinks believed to be partly behind

Teaming Martell with Sea-gram's other main brand, the premium whisky Chivas Regal, will help it to spread the cost of maintaining a sales whisky. Indeed, Mr Firino-Martell

says it was the Guinness-Moet-Hennessy deal that prompted him to sign a distribution agreement with IDV, the Grand Metropolitan sub-sidiary. It was dissatisfaction with this agreement, and with Grand Met's insistence on raising its equity stake in Martell, that drove him into the arms of the Bronfmans.

For Seagram, purchasing Martell was a bid to claim a real position in the world drinks industry. Outside North America its only major spirit brand is Chivas.

Grand Met, which owns J & B whisky, Smirnoff vodka and Bailey's Irish Cream, has a less pressing need for another major label. In Characteristics ente, indeed, observers see no need for the UK company to seek another Cognac house after failing to win Martell certainly not at the FFr 5.25bn price, 38 times last year's earnings, paid by Sea-gram. Grand Met, however, is known to believe that it does

very expensive and take many years; many doubt that it is possible at all.

Some have suggested that the company's attention may now shift to Armagnac, to the south west. The popularity of armagnac - a lighter spirit which has a special chic in Parislan and New York restaurants - has often been prophesied. But similar prob-lems arise: the entire, fragmented industry does not reach the size of a company like Hennessy.

Back in Cognac, the logic of concentration has also struck

Remy Martin. It is currently bidding for Benedictine, the Normandy-based liqueur producer. Remy has a sales subsidiary in the US which at the moment has little to back its cognac range. It needs another substantial product to reach an economically effi-cient size. Benedictine has a distribution agreement in the US with Whitbread, the UK brewer, which Remy says it has no intention of cancelling, but drinks marketing special ists do not believe this atti-tude would last long if Remy were successful in its bid.

Despite the global scale on which the cognac houses are increasingly forced to oper-ate, family management seems to be a crucial ingredient in their success. Hennes-sy's five-man board still contains two direct descendants of the founder, as well as the sixth generation of the Fil-lioux family to provide the company with its chief taster and cellar master.

So too at Remy Martin, though a family feud has complicated the company's development. But Remy still believes firmly in the virtues of family management. On its acquisition of the distin-guished Krug champagne company it left the fifth generation of the family in charge. However, Remy Martin's bid for Benedictine is being so hotly contested by Mr Alain Le Grand, the greatgreat-grandson of the firm's founder, that Remy seems unlikely to be able to apply the same recipe if it wins.

From the point of view of the Martell family, Seagram has the advantage that it is also a family-run company. Mr Rene Firino-Martell, chairman of the company, has said that the relationship with the Bronfmans, especially Mr Edgar Bronfman Jr, was deci-sive in his choice of the Cana-

dian group.
Seagram has said that it wants to leave the current ciently.

Having lost the battle for Martell, Grand Met now faces the option of building up a small brand. This would be very expensive and take many years; many anyone; they believe it cannot be long before a parting of ways, friendly or otherwise.

Lombard

Top prize for waste

By Martin Wolf

MR WILLIAM Proxmire, Sena- and some adjustments), tor for Wisconsin, has tried £1.5bn may not look very

sol 2,000 to redecorate one diture on unwanted food will room in the old Executive be 83 per cent of all direct Office of the President, and government spending on the the Department of Commerce, universities; more than the for funding a second \$200,000 entire budget of the Department conference of southern may ment of Trade and Industry; ors that had been deemed by almost double the Government's own auditors to be a waste of money, more than twice as much as after examination of the first the Department of Education and Science spends on the sec-

thing more ambitious might on museums and galleries, be attempted. After all, tech- and 50 per cent more than all nology and the activities of capital expenditures on hospigovernments have both tals and community health.
moved on a little since Jason Expenditures on agriculture and the Argonauts.

Expenditure White Paper has made it easy to identify the award's recipient for 1987-88. Coullays on market support are supposedly reimbursed by It goes to the Ministry of the European Community Agriculture, Fisheries, Food (EC), but that connection and Forestry for spending policy things were not better the connection and forestry for spending policy things were not better the connection and forestry for spending policy things were not better the connection and the connection and the connection and the connection are also the connection and the connection and the connection are connected to the connection and the connection are connected to the connected to the

40 schemes to "regulate and that of agriculture in the support" (bureaucratese for Community budget). rig and distort) agricultural Other lobbies can only look least, on export subsidies that also learn from the farmers' allow consumers in third success. It helps to have the food more cheaply than we in the industry, but an EC

Set against total public Then they, too, can snuggle expenditure in 1987-88 of down inside a Platinum \$147.3bn (excluding interest Fleece.

for many years to encourage impressive. But as Mr Everett frugality in US public expen- Dirksen, the former US Senaditure through his Golden tor, is said to have remarked: Fleece award. The Senator's "A billion dollars here and a tactic has been to focus on billion dollars there and minor, but amusing, cases of pretty soon you are talking

Recent winners have Comparisons make it obvi-included the Executive Office ous that £1.5bn is, indeed, of the President, for spending real money. In 1987-88 expen-\$612,000 to redecorate one diture on unwanted food will and Science spends on the sec-There must be an energetic ond word in its title; 45 per backbencher who would like cent more than all spending to start a Golden Fleece on arts and libraries; six award in the UK. But some- times greater than spending

are not, of course, limited to I propose, therefore, the those mandated by the CAP. award of a Platinum Fleece to The total comes to some the most wasteful major gov- \$2.2bn. Over and above this ernment spending programme. comes the taxation of consum-Examination of the Public ers implicit in high food

and Forestry for spending makes things worse, not bet-\$1.5bn on "market regulation ter. In 1987-86 the UK is mak-and production support" ing a net payment to the EC under the European Community's common agricultural
nity's common agricultural
policy (CAP).

What - the reader might
ask - is "market regulation tributions to the EC budget,
and production support"? The but spends an additional set of answer is: purchases of food on surplus food in the rest of that nobody wants at present the Community (this being high prices. The sums go on the same share of the UK's purchases in the market, on net contribution to the EC as

markets and, last but not on in awe, but they should world countries to get our odd cabinet minister engaged common policy is essential.

NUM election

From Mr P.M. Heathfield.

Sir, I must challenge and cor-rect Energy Secretary Cecil Parkinson's remarks in the House of Commons about the (NUM) Presidential election

(NUM) Presidential election (FT, January 26).

Mr Parkinson is obviously unaware (has he been misinformed by British Coal?) of manpower figures in the coal industry. The NUM electorate is not the 80,000 he claims it is, but over 95,000.

but over 95,000.

The Energy Secretary, it seems, has not been-briefed that there are NUM members employed not only in small private mines but by outside con-tracting firms operating in the

British coal industry.

Mr Parkinson's description of Mr Parkinson's description of Mr Arthur Scargill's re-election as "the measure of the damage he has managed to do and the failure of his previous policies" is typical of the Tory Government's blatant hypocrisy and dishonesty — seeking to evade the fact that Mr Scargill's 1988 win is estill 12 4 per cent higher win is still 12.4 per cent higher than that of the Tories in the 1987 General Election, and equal to Margaret Thatcher's majority in Finchley.

majority in Finchley.

Arthur Scargill was indeed given a landslide vote in 1981, after promising absolute commitment to the fight to save pits and jobs. He owes his re-election in great measure to the fact that he has kept every promise he made to our members – including his pledge on periodic elections. bers - including his pledge on periodic elections,

An examination of the presidential ballot results, furthermore, reveals that Mr Scargill
(contrary to Government and media claims) won a majority in six coalfields — several of which contain a number of which contain a number of NUM Areas — whereas his opponent won a majority in for the first time to lend for a several of the standard setting process the standard setting process who universal support for the standard setting process who universal support for the standard setting process who universal support for the children. They see this as a dard Accounting Practice of dard Accounting Practice (SSAPs) through consultation with those opponent won a majority in for the first time to lend for a who must apply them. Without that bank attracts new customers. Cardholders want to help children they see this as a dard Accounting Practice (SSAPs) through consultation with those opponent won a majority in for the first time to lend for a who must apply them. Without the standard setting process the standard setting proce dential ballot results, further-more, reveals that Mr Scargill

Letters to the Editor

contracts have been exchanged

and the mortgage secured, it can lend up to 100 per cent of

valuation, until the borrower has sold his or her existing

SSAPs have to win support

only two, and obtained the sup-port of the cokemen and white collar sections of the union.

Mr Parkinson's allegation that his predecessor, Mr Peter Walker, had only been able to persuade Mr Scargill to "come to see him on one occasion" is also untrue. The fact is that Mr Walker calls one occasion associated Walker only once ever agreed to meet – despite Mr Scargil's repeated suggestion that it was only common sense for regular meetings to take place: Mr Parkinson omitted from

his distribe the fact that on the David Severn, very day he himself took office Building Societies Commission, as Energy Secretary, Arthur 15 Great Marlborough Street, very day he himself took office as Energy Secretary, Arthur Scargill and I requested a meet-ing with him...and were turned down flat. P.E. Heathfield, National Union of Minework-

St James' House, Vicar Lane, Sheffield, South Yorkshire.

Bridging finance

can be provided

From Mr. D.B. Severa. which, as a result of some sir. There is one point in the mise, does not adequately report of the announcement tackle the problem it has set that had been problem it has set that had been problem in the solve is no standard at that building societies' powers are to be extended which needs clarification. It relates to the suggestion – by the spokesman standards, as stated by the for one society – that the limit Accounting Standards Committon unsecured lending needs to be higher than £10,000 so that a society can arrange bridging finance in certain circumstances.

There is no reason why a standard setting process.

this the SSAPs may not have the effect initially desired. The most infamous example was SSAP 16 on current cost

It is sad, however, that the Lex author sheds such a dim light on the effective implemendeposit of up to 10 per cent of the prospective purchase price, outside that limit. Then, once tation of standards which pro-vide a less rigid alternative to conformity through legislation.

Brett Clancy, Drexel Burnham Lambert, 77 London Wall, EC2

Charity can begin with credit

property. It is only any loan which the borrower requires beyond that valuation, say to cover legal fees and removal expenses, which would count against the unsecured lending From Mr Giles Pegram.
Sir, T.W. Robinson (Letters, January 28) on the new Bank of Scotland NSPCC Visa Card misses essential

visa Card misses essential points of this important, even revolutionary, innovation in donating to charity.

Millions of people in Britain now use credit cards as part of their everyday life, and they use them responsibly. This new card now offers these people the charter to help protect chil-From Mr Brett Clancy.
Sir, I read with dismay the concluding remark of "Damping the urge to merge" (Lex, Februthe chance to help protect children - at no cost to themselves the urge to merge" (Lex. February 1). Acceptance, it read, "is the NSPCC receives £5.00 for the most important thing of any every account opened, and a donation every time the card is used thereafter. Millions of normal credit card

accounting standard."
This is not so. A standard which, as a result of compromise, does not adequately transactions are taking place every day - in garages, shops, theatres, and by telephone. The new Visa card has mutual benefits on all sides, but principally

and of paramount importance

to children. Children are

helped and protected; the NSPCC's enormous task of rais-ing \$23m to pay for essential services is supported; and the bank attracts new customers. Cardholders want to help children. They see this as an ideal, cost-free way of doing it. Giles Pegram, National Society for the Pre-

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THE FRIENDLY WAY TO FLY

Trade policy makers should be able to come out of the closet

a more reassuring impression of the Trade Policy Research Centre study group's proposals on "Public Scrutiny of Protection ism" than the one conveyed by your report of it (December 19), on which my letter (December

31) was based. Whereas the latter appeared (Although again, quite the to suggest that what was called opposite impression was crefor was the creation of advi-sory bodies, supposedly unaf-ber 10, which cited the study for was the creation of sovefor was the creation of sovefor was the creation of sovesory bodies, supposedly unaffected by political pressures, to
fraw the attention of the public
to the costs (no mention of bento the cost efits) of protectionist measures, and to be the main influence on ministerial decisions, Mr Gorbet now informs us that what is actually proposed is a body charged with conducting a "public enquiry" into both the costs and benefits of each be weighed in the balance only and stability. I should be happy to elaborate on possible ways and means of organising this. For now, may I make just two points?

narrow, short-term, consumeroriented frame of reference.

If we are to avert the trade war into which this approach is the assessments of such bodies war into which this approach is would tend to be based on a inexorably leading us, the first

From Mr Harry Shutt.

Sir, At first sight Hugh Corbet's letter (Jahuary 29) afters stood in the normal British a more reassuring impression of space — that is, involving the Trade Policy Research Centre study group's proposals on "Public Scrutiny of Protection" than the one conversed by the assessments of such bodies. nobody should expect that a remotely satisfactory blueprint can be arrived at other than as prerequisite — as growing num— the result of prolonged debate—bers of people are recognising—and—profound institutional

is an acceptance of the inevita-bility of managed trade. The tragedy is that the time Once this point is established available for evolutionary

The Grange,

14.75 MARI

Anatole Kaletsky on Wall Street

Delaware alters the rules

FEW Americans could point to the tiny state of Delaware on a map of the US. But last week, when Governor Michael Castle of Delaware signed a new law restricting hostile takeovers of companies incorporated in his state, he may have altered, with the stroke of a pen, the business and investment prospects for much of corporate

A long-time bastion of conservative pro-business legislation. Delaware is the state of incorporation for 45 per cent of the companies listed on the New York Stock Exchange, and 56 per cent of the Fortune 500.
While state anti-takeover laws have spread across America like an epidemic, as local legislators have moved rapidly to protect big local companies like Dayton Hudson in Minnesota or Gillette in Massachter

because of the conflicting interests of its corporate and legal

setts, Delaware has had to behave more circumspectly

At first glance the law seems will bring to an end one or use a tough one. Effectively it stops most controversial episodes in the history of Mr Murdoch's worldwide publishing and telefrom accumulating more than 15 per cent of the stock before launching a full offer. It then requires him to buy at least 85 per cent of the shares in a single transaction or give up.

If the bidder goes over 15 per cent, but does not reach 85 per cent, he is banned automatically from consummating any merger with the company for at least three years.

least three years.

Thus the possibility of buying 51 per cent of a company and then taking out the minority shareholders in a subsequent deal is excluded – although a bidder could buy 51 per cent of a company, throw out the board and then run it himself, provided it permiss on independent. provided it remains an indepen-dent business, legally separate from the acquiring company for at least three years.

Most takeover experts believe the ban on effecting a complete merger could make financing of highly leveraged takeover bids, hich depend on the quick sale of the target company's assets, much more difficult.

As a result, the one impact of the law everybody seems agreed on will be to reinforce a trend which has been evident in any case since the October crash: the takeover bids of the from cash-rich corporate bid-ders, rather than individual raiders and takeover artists relying heavily on bridge loans and junk bonds.

While the law has been denounced as "a management protection bill" by Mr T. Boone

Pickens, the Texas corporate raider, it is dismissed as a "an ineffectual panacea that could actually make some of the takeover abuses worse," by Mr Martin Lipton, the country's most celebrated corporate defence

lawyer.

Mr Lipton, inventor of the "poison pills" and "shark repellents" which grace the articles of incorporation of many US companies, says 15 per cent is too high a stake to allow potentially hostile forces.

He believer 90 or year 95 are

He believes 90 or even 95 per cent ownership should be required before one company can be forcibly merged into

Shareholder democracy is better served, he says, through proxy fights and board elec-tions, not tender offers. Once a tender offer is launched, win-ning 85 per cent of a company is not much harder than winning 51 per cent, he suggests. As one arbitrageur puts it: "This Delaware law will stop only the Mickey Mouse bids with no money behind them. Once a company is in play, the old shareholders sell to the arbs and the arbs just wait for the serious bidder. Once the high bid is in, everybody sells and the 85 per cent should be no

The fact remains, however, that Federated Stores and American Standard, the two biggest Delaware companies facing hostile bids, have found

comfort in the new law.

Campeau, Federated's suitor, admitted in an SEC filing last week that the new law was "a substantial impediment" to its

Both Campeau and Black & Decker, the US electrical appliance manufacturer bidding for American Standard, have American Standard, have already challenged the Delaware law as unconstitutional.

But this line of attack is unlike to succeed judging by the Supreme Court's decision last April, when it upheld Indiana's takeover statute.

But there is always the alternative approach: simply to offer more money until the target company's board agrees to support the bid. On Friday, Black & Decker raised its offer for American Standard to \$65 a share from \$56. The new bid values the plumbing products group at \$2.03bn.

John Elliott reports on a breakthrough in efforts to mediate in Afghanistan

Guerrilla leaders meet UN envoy

A SIGNIFICANT step towards a capital of Pakistan, late last integrity, including the with-night for more talks.

Afghanistan conflict was taken over the weekend when Mr Diego Cordovez, UN mediator, had his first formal meeting "hopes for the beginning of a were talking last night of more than 3.5m refugees from weeks and has stated that any with leaders of Mujahideen meeting of minds."

The Pashawar meeting was taken of 115,000 Soviet troops, which has yet to be changed his policy in recent weeks and has stated that any settlement in Geneva must include a deal on what interim government will take over when here soviets withdraw when the Soviets withdraw guerrilla forces who have been fighting, with US support, against the eight-year-old Soviet occupation of the coun-

try.
After 16 days of shuttle diplomacy in the region, he flew to the Pakistani border flew to the Pakistani border city of Peshawar on Saturday after Mr Maulvi Yunis Khalis, chairman of the Mujihadeen's seven-party alliance, had dropped his refusal to meet the mediator at the personal request of President Zia ul-Haq of Pakistan.

Mr. Cordover, went to the

The Peshawar meeting was seen as an initial step towards a joint approach, incorporating the Mujakideen for the first time, on the problem of what sort of interim government should be installed in Kabul, when or if the Kremlin withdraws its troops.

Mr Cordovez has suggested that this question of the interim

government might become "the fifth instrument" for a peace deal when UN-sponsored indirect peace talks resume in Geneva late this month or early

The shuttle diplomacy is in preparation for the Geneva talks and follows the Soviet Union declaration that it wants its troops out of Afghanistan in 1988, although this target may not be achieved.

There is a growing fear that any settlement and withdrawal of Soviet troops, would lead to serious bloodshed as the Muja-hideen groups and other tribal and guerrilla leaders battle for

include a deal on what interim government will take over when the Soviets withdraw.

This has led Mr Cordovez to seek a common front with the Mujahideen. Also, he is hoping to dispel distrust between Pakistan and the Soviet Union so that the former will co-operate with him and the US to bring the guerrillas to some form of peaceful settlement.

The Mujahideen are divided on these issues and some top leaders were not present at the Peshawar meeting. Mr Khalis has said that the Mujahideen

of Pakistan.

Geneva late this month or early
Mr Cordovez went to the
Afghan capital of Kabul yesterday to report on the meeting and arrived back in Islamabad,

Geneva late this month or early
This could cause big problems
for Pakistan's border regions
with Afghanistan and could also delay the return home of are not prepared to compromise.

This could cause big problems
for Pakistan's border regions
with Afghanistan and could also delay the return home of are not prepared to compromise.

Murdoch near deal on New York Post

ests of its corporate and legal MR RUPERT MURDOCH is constituencies.

For a while it looked as if this morning to sell the New Delaware might not pass an anti-takeover law at all. Now Wall Street is pinning its hopes on the measures proving ineffective.

At first glance the law seems a tough one Effectively it stops most controversial enjoydes in

vision group.

The sale became necessary under a US Federal regulation which bars one person from owning a newspaper and a television station in the same geo-

graphical area.

Mr Murdoch had successfully avoided divestiture for nearly two years and was in the pro-cess of mounting a legal chal-lenge to a Congressional resolu-

GROUPE LE CREUSET, the

French family-owned cast-iron enamelled cookware company,

has been sold for about FFr100m (\$17.4m).

It has been bought by Mr Paul van Zuydam, Le Creuset's president, who holds 70 per cent of

the company, and a group of UK and French institutions.

tember to pursue the Le Creu-set acquisition.

Hebron hospital, and that a number of other people - 25, according to Palestinian sources - had been injured.

Two children - a 10-year-old boy from the West Bank village of Burka, and a 15-year-old from the Deir el-Balah refugee camp in Gaza - died in Jerusa-

lem hospitals yesterday from bullet wounds sustained in pre-vious days. Their deaths, brought the confirmed death

What has surprised the secu-

rity authorities — and aroused most concern — is the evident capacity the 1.5m residents of the occupied territories are

showing to sustain the various

pie, iew of the 60,000 men and women who normally travel to work in Israel each day made the journey yesterday, the beginning of the Israeli week. After an earlier lengthy stoppage of many weeks' duration had been broken a fortnight ago, Israeli officials were confident that the strikers' resistance had ended. These san-

toli to 49

Mr van Zuydam was chair-man and chief executive of F

Prestige, the housewares manu-facturer, but resigned in Sep- The purchase price is, however,

MR RUPERT MURDOCH is tion which required stricter back to 1801. enforcement of the cross-own-ership rules by the Federal modest sums. Mr Murdoch Communications Commission. decided to move it drastically

a financial setback for Mr Mur-

Le Creuset sold for FFr100m

Main Le Creuset markets are

France, the UK and the US.
Sales in 1987 were about
FFr300m and the business is

related to profitability over the

West Bank

deep official scepticism and a

Mr Murphy had five hours of talks with Mr Farouk al-Sharsa,

the Syrian Foreign Minister, on Saturday, followed by another

session yesterday with Mr Abdel-Halim Khaddam, the Vice

the latest American efforts to

resident. Syria has already condemned

Damascus at the weekend.

West Bank violence worsens

next five years.

Gaza Strip

Institutions participating are Mr van Zuydam sald he funds managed by Throgmorton intended to build an internatrust and Touche Remnant; tional housewares group

Picardie, the French regional around Le Creuset's business development agency and Gilby growth and future acquisibert Elliott Corporate Finance, tions.

However, according to a spokesman, he intends to continue the fight, which also affects his Boston properties, even if he sells the Post.

The deal with Mr Kalikow, below in market terms and the sells the Post.

who is believed to be willing to from the political right.
pay some \$37m, also represents
But although the new formula picked up substantial numbers of downmarket readers, the

He bought the newspaper in 1976 for \$31m and has since erted in droves – taking the suffered operating losses of advertisers with them.

Consequently, the paper's losses have mounted steadily, when he bought the Post 12 while Mr Murdoch's reputation on Well Street has not been years ago it was a staid, but on Wall Street has not been broadly respected publication helped by the general opprowhich traced its liberal and brium the paper attracted.

The compensation for Mr

First priority would be world-wide marketing and product

It is intended that Groupe Le Creuset should seek a public listing within three years, prob-ably on the London Stock Exchange.

yesterday to criticise the US plan, which calls for a limited

form of interim self-rule by the

Palestinians in the Israeli-occupied territories, to be followed

swiftly by negotiations on their

The Syria Times said this was nothing other than the Camp

David deal disguised as an arrangement made by the Americans to please the so-called Arab moderates."

Many Arab diplomats, from

moderate as well as radical

states, suspect current US diplomacy is a one-sided attempt to take the pressure off

Israel, while lacking the politi-cal muscle to produce real movement on the Israeli side.

careful not to reject the US effort out of hand, and Syris

has also apprently not yet spo-ken its last word on the subject.

The King of Jordan will receive fresh backing today from the EC when he meets foreign ministers of the Twelve in Bonn. While some EC states

have given a general welcom to signs of fresh US engagemen

with the Arab-Israel issue, offi-

development

Murdoch has been the political influence which he has been able to win, not only in New York but also in Washington because of the Post's outspoken support for President Ronald Reagan and New York's mayor, Mr Ědward Koch.

lishing experience, but an impressive record of making money on property deals.

Mr Kalikow, 44, has no pub-

He has accumulated a personal fortune estimated at \$500m. Presumably he plans to profit from the Post's valuable prop-erty, which overlooks Manhat-tan's East Side just north of the

Wall Street area.
However, he is doubtlessly also interested in turning the Post around as a paper.

Fresh offer in battle for Société Générale

By Tim Dickson in Brussels

MR CARLO de Benedetti, the Italian businessman, last night announced details of a higher offer for the additional 15 per cent stake in Société Générale de Belgique. Cerus, Mr de Benedetti's Par-

s-based financial holding it had decided to lift the "base price" of its partial bid to BFr4,000 (\$114) per share against the figure of BFr3,400 which had been mentioned in an earlier communique.

The new level was described

as "clearly superior to the value of the company," but in line with the levels achieved in the "disorderly market conditions" of last week which are

now the subject of a formal legal enquiry.

The latest move by Mr de Benedetti, who already directly and indirectly controls 18.6 per cent of La Générale, comes at could prove decisive in the increasingly bitter struggle for Belgium's most powerful busi-

ness institution Israel, while lacking the political muscle to produce real
movement on the Israeli side.

At the same time, Jordan while rejecting the idea of
autonomy talks - has been dilute Mr de Benedetti's stake, while rumoured alliances between the growing number of players in the drama are likely to be shown up as implausible. Last night's statement from Cerus also drew attention to the recent decision by the Bel-gian Banking Commission to hold up its approval for the partial offer, on the grounds that it does not yet have adequate information.

Cerus said that it was essential for the Banking Commission to provide the necessary clearance this week: "otherwise Cerus is determined to go ahead with its industrial project and reserves the right to freedom of action in all its plans." Cerus also stressed that it

was the only party currently interested in La Générale "which, with its proposed take-over bid, has taken into account the interests of all the share-holders and, above all, the small shareholders."

tance had ended. These sanguine perceptions have now changed dramatically. promote direct talks between cials are also privately scept israel and Jordan. Bush edges towards defeat in Iowa

Continued from Page 1

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World Weather

the Democratic race, for example, up to 15 per cent of prospective voters are still undecided.

express presidential prefervoters are still undecreased around the control of the control cided.

With 24 hours to go before an estimated 200,000 lowans told a cheering rally in the attend caucuses, or political industrial town of Waterloo on debates at which they will Saturday night, with so few or four extra voters persuaded to brave the bitter winter weather could spell the difference between a strong showing and a landslide victory.

forms of protests, commercial Knwait: Syria confronted Mr strikes, demonstrations and Richard Murphy, the US Assis-work boycotts over such a tant Secretary of State, with

In the Gaza Strip, for examseries of withering media ple, few of the 60,000 men and attacks during his visit to

Soviet chief replaced

Continued from Page 1

Bareau for Social Development, responsible for housing, trans-port, youth and other social affairs.

The situation should become clear at the next plenum of the Communist Party's central com-mittee, expected later this month. The plenum of the top 300 Soviet officials is widely expected to discuss personnel changes.

There is a possibility that it could promote Mr Talyzin to full membership of the ruling leader last year.

Politburo to replace his prede-cessor at the Bureau for Social Development, Mr Geidar Ail-yev, who was dropped last October. Mr Talyzin would then become the most powerful of the deputy premiers under Prime Minister Nikolai Ryzkhov. However if he remained a candidate (non-voting) member, the move would represent a demotion.

The plenum is also expected to decide the fate of Mr Boris Yeltsin, another Politburo candidate member who was dismissed as Moscow City party THE LEX COLUMN

Europe down but not quite out

Perhaps Europe's stock markets are trying to tell us something. Even before Black Monday dealt them a body blow, 1987 EC Savings and investment dealt them a body blow, 1987 was shaping up to be a truly awful year for the main Continental European exchanges. For the most part, 1988 has provided even less to delight the shareholder: Frankfurt is just off its three year low, Italy and France are bumping along the bottom. Is the threat of recession, which has already cast its pall over the US market, settling on Europe?

outcome. For the Continental turers of cars, machinery, electeronomies, much will depend on tronic goods and white conwhether the US external trade balance has finally begun to obey the logic of a lower dollar and perhaps more important, on whether the dead weight of German industry's failure to cope with the dollar will continue to the continue trade turers of cars, machinery, electeronic goods and white consults to the continue trade turers of cars, machinery, electeronic goods and white consults to suffer.

The German industry's failure to continue tal manufacturers of cars, machinery, electeronic goods and white consults to suffer. cope with the dollar will con-tinue to drag the rest of Europe down with it.

US imports

In this context, last month's publication of US fourth quar-ter GNP figures rated as bad news for Europe. On the face of much in the way of statistical exegosis to see that this masked a large drop in consumer spending and a build-up in inventories which, taken together, could mean a drop in demand for imports in the early part of this year.

Supports coming from pendent economic gurus, and man out. International investurope, the extreme case of the 1.5 to 2 per cent favoured \$100bn trimmed from the overaby less pessimistic commentational import bill would mean pertors. With the budget deficit this looks sensible in view of the economic outlook compared with economic outlook compared with its major European considerable growth estimates for 1988.

And while European constant investigation in the UK market, and this looks sensible in view of the economic outlook compared with its major European constituents and the unit of the UK market, and man out. International investigation of the constant of the unit of And while European exports are struggling against the low dollar and an apparent decline in US consumer demand, the

22 20 18 1971 75 80 85

(as % of GDP)

Japan turns its sights on Europe, Continental manufac-

Long used to feeding off the dynamism of America, Europe could be left with no option but to feed off itself. But when it comes to generating demand within Europe (especially outside the UK) the burden of German sluggishness begins to look onerous. Despite forecast might well do. But given the it, the data showed US growth strong growth in German con-exceeding expectations, at 4.2 sumer spending of perhaps 2½ per cent. But it did not take to 3 per cent in 1988, invest-much in the way of statistical ment seems certain to let the side down. German balance sheets are stuffed with cash, but industry simply lacks the confidence to make major investments: according to one of the country's leading eco-nomic institutes, capital spend-

anything between 5 and 14 per cent of total export orders exporters to compete international grounds on the country) exporters to compete internationally; the end result is likely the market could have further to be growth of somewhere to fall. Against this back a recession in mainland Europe. But with perhaps a quarter of US imports coming from Europe, the extreme case of European economic gurus, and man out. International investors already seem to be overall import bill would mean perhaps 4 per cent off European commonstrably over expectations, any significant fiscal with its major European compete international investors likely to mean a continued squeeze on corporate profits, the market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the UK market, and this looks sensible in view of the economic outlook compared with its major European compete to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the UK market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the UK market, and the uk market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the uk market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the uk market, and the uk market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the uk market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the uk market, and the uk market could have further to fall. Against this back ground, the UK is (as in so man out. International investors already seem to be overable in the uk m even if unofficial interest rates are eased a bit (as they might be), a nudge will probably not be enough.

The area of Funda and a state of first and a sta

powering European growth may be a cliche; but without a stronger lead from the Germans, it is difficult to see how the main Continental European economies can exceed overall growth of 1 to 1% per cent this

So why is it that a number of

The Bourses

So why is it that a number of European stock markets are experiencing what, on a continent unused to such activity, might pass for a takeover wave? Do Mr Carlo De Benedetti, Mr Baul Gardini and the Bronimans of Seagram have a different vision of Europe's economic future? The most likely answer is that they do not but the fact that industry is finding assets cheap (in Belgium, Frame; and Italy at least) could prompt investors to have another look.

another look.

They may wish to look first at France: the Paris Bourse is trading on a p/e of about 9 times current earnings, which makes it cheaper than any other mater world stock may other major world stock mar-ket, and the cheapest in Europe bar Italy. Neither France nor Italy is likely to appeal to any-body who finds the names of foreign political parties and choice, and no matter how cheap Italy is looking. France seems a safer bet on fundamen-tals. Inflation should remain low and the prospects are that a post-election EMS realignment in the spring will improve conpetitiveness Germany, too, looks inexpensive both in world terms and by historical comparison. Value-

for imports in the early part of this year.

Granted, this is likely to mean more to Hong Kong than to Amsterdam. On its own, a decline in European shipments to the US (which account for anything between 5 and 14 per cent of total export orders depending on the country) tionally; the end result is likely to mainland Europe. But with perhaps a quarter of dicted by the country's leading econic sive both in world terms and by historical comparison. Valuation levels are at their lewest for two decades – apart from at the bottom of the bear markets of 1974 and 1982. But for all the bottom of the bear markets of 1974 and 1982. But for all the bottom of the bear markets of 1974 and 1982. But for all the present in the pottom of the bear markets of 1974 and 1982. But for all the bottom of the bear markets of 1974 and 1982. dollar and an apparent decline in US consumer demand, the same factors will be converging to force more US exports into Europe – not to mention more exports from Japan and the so-called newly industrialised be enough.

The rest of Europe could still rates. With around 20 per cent turn in some creditable performances (Spain, Sweden, even demt on UK corporate profits dependent on America, and perhaps on the side of growth). The Britain faces sluggishness on every side but its own.

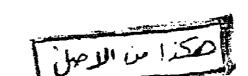
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INTERNATIONAL BONDS

Difficult times for higher-coupon currency sectors

with the Eurodollar bond market sailed through the market up and running again, last week found Eurobond new-issue managers exploring how much paper they could lamenting that a larger and market sailed through the market up and running again, nerve-racking three-day US new-issue managers exploring how much paper they could issue in the higher-couponed currency sectors. The experi-

ment was not a success. The Canadian dollar sector. which happened to be providing the best swap opportunities in the international markets, heavily overloaded with poorly priced paper, while the Australian dollar market

fared little better.
But it was the Eurosterling market that proved the greatest disaster zone – especially for Baring Brothers which had the bad hick to launch a \$50m deal for Commonwealth Bank of Australia on Monday morning, just ahead of the surprise rise

in UK interest rates.

Later in the week, the sector recovered its poise as it reflected on the increased yield gap between UK and US interest rates. But Continental demand for sterling bonds still

more eye-catching new issue had not been launched.

To overstate the case, market conditions appeared to have turned around completely since last year, when investors seemed to have lost all appetite for Eurodollar bonds, though those in higher-couponed currencies, especially Australian dollars, were often selling like hot cakes.

More likely, the renascent Eurodollar bond market has whittled away demand for the higher-couponed sectors. But these markets became so well-established last year that interest is unlikely to evaporate. The main problem last week was that issuing houses seemed incapable of giving investors the kind of paper they were

looking for.
It is, however, hard to foresee seemed relatively scanty. the Australian dollar sector By contrast, the Eurodollar achieving the kind of phenom-

inal growth it enjoyed last year, largely through the efforts of the West German regional banks which were strongly recommending Australian dollar

paper to their clients.

This kind of peddling has been less in evidence this year, syndicate managers say, though fund managers are said to have taken up some of the slack as small retail orders have fallen

But the Australian dollar sector has become less interesting this year, not merely because of the stability of the dollar. It is also that as world markets are now looking for signs of a recession bonds can no longer be sold on the argument that Australia's commodity-based currency is an "inflation play."

Last week's crop of issues were not belped by the fact that, apart from deals for BP Capital and Ford Credit Australia, none were for names with much appeal to the Ger-man retail investor. A bond for a West German bank, such as abounded in last year's market,

Though dealers describe demand for Canadian dollar bonds as steady at the moment,

it was fairly obvious that the bulk of last week's deals were borrower, not investor, driven. The market was providing the only really attractive swap opportunities to be had. Admittedly, one of the deals, a five-year bond for IBM Can-

ads, went down very well. But all the others seemed to be all the others seemed to be struggling. Future offerings will not be helped by the fact that recent price rises have led to a breaching of the cosmetically important 10 per cent coupon barrier for many borrowers.

As for Eurosterling, all the bonds issued ahead of the base rate rise fell to distressed prices last wack with Com-

prices last week, with Com-monwealth Bank of Austra-lia's bond, some said, strug-gling to find demand even at a bid price of less three on Fri-

day. Marks & Spencer Finance looked a likely name to cheer up the market on Thursday.

The performance of a \$500m bond for Nissan Motor, which

expected to find safe homes -particularly in Swiss accounts - in due course, at the outset its yield margin of a slim 15 basis points over gilts looked very aggressive. The lead-man-ager said all its first-day sales had been made inside 1% per cent fees, but bids at lower lev-

els appeared on brokers Ironically, a \$50m bond for Woolwich, the UK building society, appeared to trade more healthily than more popular names. It was bid on Friday at less 2, an % point below its fees. This was probably because its yield spread of more than 60 basis points over the gilt gave it some appeal to onshore investors.

The houses that were busy issuing Japanese equity-related paper in Eurodollars, D-Marks and Swiss francs, were undoubtedly having a more profitable time than those concentrating on the fixed rate bond sector.

and was seen as an acid test of demand, provided further evi-dence of the strength of demand, particularly from Far Eastern accounts, for the warrants at the moment.

This encouraged Nikko Securities to become the first lead-manager to cut the coupon on a bond for Shimadzu Corpora-tion by & percentage point from the 5 per cent level, estab-lished when the Eurodollar section of the market was reopened after Christmas.

Though some expressed concern that a "coupon-cutting war" would ensue - of the type that triggered catastrophe in the market last summer - most saw the cut as a justifiable response to the rally in the US Treasury bond market over the

The prices of neither Shi-madzu's deal nor that for Osaka Gas, which was fixed on the same terms, suffered from the coupon-cutting treatment.

Clare Pearson

EUROCREDITS

Takeover financing fever gets \$5bn boost from Kodak

man Kodak, the photographic group, asking Bankers Trust to arrange a \$5bn credit to fund its \$5.1bn acquisition of Ster-

ling Drug. Bankers Trust would confirm on Friday only that it had the mandate. The terms, as reported by other bankers, were seen by many as aggressive, especially for such a large

The credit is said to be for three years, with a facility fee of 5 basis points. The margin above London interbank offered rates is 10 basis points, rising to 12½ basis points in the second and third years. As on BAT Industries' recent \$3.2bn loan, there are no front-end fees. But that had a 10 basis point facility fee.

"It's the sort of pricing that

is argued that if the deal is rap-idly put together it will send a correct message to borrowers, if not a comfortable one from bankers' point of view. Many banks are no doubt eager to lend to Kodak, which more than trebled its earnings last year and is forecasting that Sterling will generate positive cash flow as early as next year. Moreover, the deal is quite

However, Wall Street's view of the matter has been suggested by the sharp fall in bid was announced.

short-term.

TAKEOVER FINANCE is pro-viding the excitement in the bone of the more generous com-light of pending tighter capital requirements. But if significantly drawn, the return is more respectable. Banks' response will be keenly watched.

stched.
Seagram, the Canadian drinks group, is expected shortly to invite bids from banks to finance its FFr5.25bn (\$921m) purchase of cognac producer Martell. The Bank of Greece has

adopted a divide-and-rule pol-icy for a \$350m eight-year credit, awarding a joint man-date to no fewer than 11 banks. suggested by the sharp fall in Terms are ½ percentage points Kodak's share price since the over Libor for the first six bid was announced. lt is unclear to what extent the facility will be drawn. An ening by two years the period argument could be made that if for which Greece can command Kodak instead gets funds a 1/2 point margin. Fees are not through commercial paper or other instruments, the return to years and a for the remainder treatment arrange a \$750m five-year credit for purposes including support of its ECP programme. Terms were not disclosed.

Bank of America has been mandated for two deals: a

mercial paper, has mandated Credit Suisse First Boston to arrange a \$750m five-year credit for purposes including

Week to February 4, 1968

for American Medical; and a \$150m four-year credit for GM Hughes Electronics.

British borrowers are still providing a good flow of busi-ness, and terms suggest a trend away from the rock-bottom returns of last year. TI Group, the engineering concern, is seeking a \$200m five-year multi-option facility through Manufacturers Hanover and National Westminster, with a 7½ basis point facility fee and 12½ basis

point margin.

Dalgety, the commodity trading and food group, is to have a \$200m facility, of which \$100m will be committed. Barclays de Zoete Wedd is the mandated terms, said to include a 6.25 basis point facility fee. Nor could it comment on a £140m facility it is believed to be arranging for Scottish and New-

castle or another deal for Peachey Property.
A rare Swiss borrower is

believed to have mandated S.G.Warburg for a \$100m credit. Ares-Serono, a pharmaceuticals company, is seeking a five-year revolver at Libor plus 20 basis points, rising to 30 after two years. Commitment fee is 12.5 basis points. Warburg could not comment. Credit Lyonnais is arranging

a \$175m facility for Essilor, a French optical group, with a 7 basis point facility fee, 10 basis point margin over Libor and 171/2 over domestic rates. Amid the debate about pric-ing, completion of three deals

viewed as tightly priced is still awaited: for Elders IXL, Italy's CIR. and Leeds Permanent Railding Society.

Alexander Nicoll

Chase Manhattan to postpone action on Mexican bonds

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

CHASE MANHATTAN Bank intends to hold off its decision on whether to participate in Mexico's innovative bonds-forloans scheme until closer to the February 19 deadline, according to Mr Willard Butcher, chairman.

"It's a very constructive development which provides an exit for banks who want to

reduce their international lending. But it is therefore of little or no interest to a major inter-national player like the Chase," he said in an interview.

But Mr Butcher added that

there might be tactical reasons why Chase would want to join the scheme. "We have not finally made up our minds. We will wait and see."

Mexico is offering bonds col-lateralised by US government securities in exchange for loans tendered by international banks. Banks will have to bid for the bonds by offering to

cash in their loans at a dis-The scheme is being arranged with the help of Morgan Guaranty Trust of New York, but some large US banks, such as Citicorp, have said they will

not participate because the scheme requires them to write down their loans. Chase, the second biggest bank in the US, has \$1.7bn in loans to Mexico. Mr Butcher said he believed banks should not make excessive provisions against their Third World loans

or engage in debt forgiveness.
"We've got to guard against letting Latin American countries think they can get away with not paying their debts."

Mr Butcher said that one of Cheec's major sains now your rest Chase's major aims now was to rebuild its capital ratios to make up for the \$1.6bn in Third World debt provisions it made last year, and prepare for the new capital guidelines being proposed by international bank regulators.

These will require US banks to have a ratio of common equity to risk assets of 4 per cent.



Willard Butcher: "We

Chase was at this level before it made the provisions last May. After that the ratio fell to 2.9 per cent, and ended the year at 3.28 per cent.

Mr Butcher expects the ratio to be back at 4 per cent by the end of this year through a combination of retained earnings and property sales.
These include bank-owned

buildings in Tokyo, Paris and New York. Chase is also consid-ering a sale and lease-back in its headquarters, Chase Manhattan Plaze, in New York. "We're not uncomfortable in

meeting the capital require-ments," he said. "In fact, we expect to be ahead of them." Mr Butcher also said that Chase has succeeded in stem-

ming the losses on its securities business which drained profits for most of last year. The results in December and January are encouraging," he said. The losses were caused by

over-rapid expansion of the business, including the acquisi-tion of stockbroking firms in London for the Big Bang finan-cial services deregulation in October 1986, which resulted in high costs but low revenues.



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New York Agency

Crédit Lyonnais

Kansallis Osake Pankki

The Sumitomo Bank, Limited **Westpac Banking Corporation**

Facility Agent

Credit Suisse First Boston Limited

Ferruzzi plans 'misunderstood'

Montedison group has been and secretive force at the information being provided.
"widely misunderstood" and state-owned merchant bank. However, the officials say the complaints about lack of transparency should take into account the market and admin-

Gardini is erecting at the start of a week promising further inquests into an affair which helped to send the Milan stock market plunging by nearly 5 per cent last week.

Mr Gardini, together with Mr Antonio Meccanico, the president of Mediobanca, will be closely questioned by the Senate's finance committee, possible or Medioday. bly on Wednesday. Little is known of Mr Maccan-

Swedish board

options trading

SWEDEN'S bank inspection

board has sharply criticised several leading Swedish commercial banks for the way in which they have engaged in options and futures trading and has called for the introduction

of new regulations to cover

The criticism follows the

recent losses in options and futures trading which hit sev-eral banks. The inspectorate

said these losses would total about SKribn (\$165.2m) and

fered through no fault of their own were planning to take legal action against the banks.

In some cases, the board said, banks had not even told cus-

tomers that their losses were increasing.

The inspectorate reserved its

strongest criticism for Gotaban-

ken, the fourth largest public-ly-quoted commercial bank, which it said had come close to

The inspectorate has full powers to revoke licences, but in this instance decided not to

punish Götabanken as the man-agement concerned with the

options business had been over-hauled in the wake of the

options scandal, in which Göta-banken lost SKr202m of its own

losing its brokerage licence.

By Sara Webb in : Stockholm

criticises

overcome the almost univeristrative factors constraining the operation.

This is a further building block in the defence which Mr

This is a further building block in the defence which Mr

This is a further building block in the defence which Mr

This is a further building block in the defence which Mr

This is a further building block in the defence which Mr

This is a further building block in the defence which Mr sally unfavourable reaction to of the first phase of the reor-ganisation — its adoption by various board meetings last Saturday and then a public pre-sentation by Mr Gardini — had been brought forward because of growing speculation that the group was bent on significant

MR RAUL GARDINT'S reorganic creator is generally held to be pany, would be brought to the strong says.

Mr Enrico Cuccia, an influential market without full financial This will be achieved partly

In an energetic campaign to overcome the almost universally unfavourable reaction to achieved in less than three to four months. In the meantime, there would be scope for insider trading and specula-

> Moreover, providing more information such as the prospective price of Ferruzzi Finanziaria might have risked a challenge from the US Securi-ties & Exchange Commission ties & Exchange Commission from transfer of other assets to (Montedison is quoted on the Ferruzzi Finanziaria.
>
> NYSE) that a public offering The group believes this was being launched without a approach is preferable to mak-

by raising about L1,000bn from cleaning up the portfolio," which means selling some of Montedison's non-strategic

Montedison's non-strategic holdings and some property.

A further L1,200bn is expected from the sale of Ferruzzi Finanziaria shares to Montedison shareholders, following absorption by the family holding of the chemical company's 64 per cent-owned financial services subsidiary, Iniziativa Meta.

The required Italian procedures had been followed, but
the investing public had
wrongly believed Ferruzzi Finaziaria, the family holding com-

Avon doubles profits to \$160m

reported a more than doubling of fourth-quarter operating net profits to \$160.3m, or \$2.27 per share, up from \$78.1m, or \$1.11 per share, for the same period

per snare, for the same period in 1986.
Sales for the final quarter improved to \$903.1m compared with \$746.8m in the corre-

sponding period.

Operating net earnings for the year advanced from \$151.0m, or \$2.12 per share, to \$238.2m, or \$3.38 per share, on sales up from \$2.33bn to 2.76hn

Mr Hicks Waldron, Avon's

chairman and chief executive, said that "restructuring and a decline in health care earnings should not be allowed to mask the outstanding performance of the beauty group in 1987. "The group's earnings, before restructuring and the gain on

the sale of a stake in Avon's Japanese subsidiary, increased about 20 per cent." Direct beauty sales in the US increased 7 per cent to \$1.29bn and earnings increased about

20 per cent.

AVON PRODUCTS, the leading minority interest in a Japanese lems in Brazil in the second half US door-to-door marketer of subsidiary. lems in Brazil in the second half of the year. Brazil is Avon's second-largest international of the year. Brazil is Avon's second-largest international market.
Avon's new retail beauty

division, created last year through acquisitions, exceeded pre-acquisition estimates, Mr Waldron said. Sales for the division during the year were

\$89m.

Health care group revenues from continuing operations increased more than 80 per cent during the year to \$167.1m.

Avon acquired Mediplex in the Spring of 1986.

The company's earnings declined about 20 per cent, largely as a result of a decision to accelerate amortization costs at Mediplex and increased investment to expand retire.

2.76bn.

The earnings were struck

The earnings were struck

International direct beauty

after \$31m of charges for sales rose 19 per cent to accelerate amortization costs

restructuring the company's \$1.22bn and earnings moved

beauty businesses and a gain of ahead about 20 per cent, in investment to expand retire
\$121m on the disposal of a spite of major economic prob-

Finnish banks advance

BY OLLI VIRTANEN IN HELSINKI

KANSALLIS-OSAKE-Pankki net profit (up 7 per cent) (KOP) and Union Bank of Finland (UBF), the country's two leading commercial banks, have reported substantial increases in profits for 1987.

KANSALLIS-OSAKE-Pankki net profit (up 7 per cent) reported by the KOP group.

KOP now tops UBF as Finland's largest commercial bank. Its total consolidated assets grew last year by 16 per cent to

KOP boosted its consolidated pre-tax profit by 37 per cent, to FM936m (\$228m), while UBF achieved a 42 per cent leap in profit before appropriations and taxes, to FM1.2bn.

options scandal, in which Götabanken lost SKr202m of its own money and SKr120m of customers' money.

Svenska Handelsbanken, Nordbanken, and Ostgötabanken were also criticised.

Svenska Handelsbanken, higher than the FM336m achieved a 42 per cent leap in profit before appropriations and taxes, to FM1.2bn.

Both banks proposed unchanged dividends for the year remained virtually a share while UBF a and C unchanged at FM400m, but was still higher than the FM336m shares FM1.10.

Daishowa mill set to go ahead

DAISHOWA Paper Manufactur-DAISHOWA Paper Manufacturing, the second largest Japanese paper maker, has ordered heavy equipment for a planned C\$500m (\$393.7m) pulp mill in Alberta – the first sign that the company is going ahead with what will be one of Canada's largest mills, writes Robert Gibbens in Montreal UBF's total group assets at the close of 1987 stood at FM114.5bn, up 9 per cent from

An announcement is expected next week on the mill, which will have annual capacity of 350,000 tonnes. The decision has been influenced by the high value of the Japanese yen.

Taiwanese investment houses in probe

By Bob King in Taipei THE TAIWAN Government

has launched an investiga-tion into leading "underground" investment houses for possible violations of banking and company laws. On Saturday, the Taipei prosecutor's office brought in for questioning five offi-cials of two leading compa-nies. The Government alleges the two firms ille-gally accepted deposits from the general public in return for interest rates

ranging from 2 to 5 per cent a month. It is generally accepted in Taiwan that several companies have, over the last year, taken deposits totalling tens of billions of Taiwan dollars and invested the money in the last test.

the money in real estate and securities.

The huge amount of money in circulation, plus the high rates of interest offered for deposits, has made investments in these companies extremely

However, ever-increasing numbers of new investors are required to pay interest and dividends due to earlier

The operations of the firms worry both the Gov-ernment and foreign bank-ers, who fear they will even-

The Finance Ministry had earlier declined to investigate. Officials said privately that because the underground investment firms were not registered as banks or trusts the minisbanks or trusts, the minis-try had no jurisdiction over their operations.

•In a related development, Taiwan's Securities and Exchange Commission has said that foreign securities houses dealing in local shares and bonds would not be allowed to set up branch offices in Taiwan until new local companies have had time to gain experience.

A revision of the SEC law as tweek made possible the issuance of new licences for trading, broking and underwriting firms after a 27-

Mr Shen Pe-ling, SEC chairman, said, however, that foreign firms were wel-come to form joint ventures with local firms.

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ociete Generale+	75	1992	4	13	101%	Westpac Backing	12.37 12.33
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Contragnie Bancaire∳ Foronto-Dominion Ass.∳	50	1992	4	13°	1011	ANZ Merchant Bank	12.41
ord Credit Australia	50	1993	5	13	10112	Hambros Bank	12.57
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larks & Spencer Finance	150	1993	5	93	1013	CSFB	9,297
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le Och Densje + +	300	1993	•	712	100	BIL	7,500
EN							

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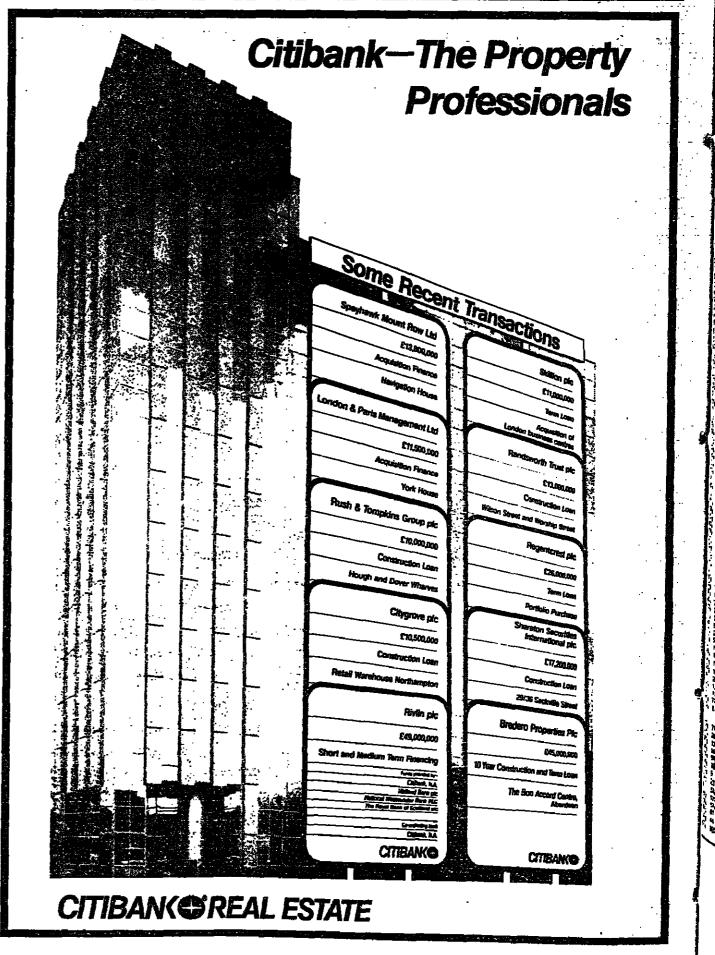
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MORGAN GUARANTY TRUST COMPANY OF NEW YORK

February: 1988

This announcement appears as a matter of record only.



حكذا من الاحل

Divided team prepares to tackle monetary policy

IT IS A fair bet that the members of the Federal Open Market Committee, who will be to be supposed by fair to say that wields meeting in Washington this most of the POMC's members week to set US monetary pol- are somewhat more concerned icy, are almost as divided in about the possibility of ecotheir views on economic pros- nomic weakening than overpects as are the analysts on heating in the immediate Wall Street who will be trying future. to second-guess their actions in the weeks ahead.

 $i:_{\psi_{i}\psi_{j}\in I}$

Faculty.

4. 12 (...)

17.1

In spite of the alleged efforts of the Reagan Administration to pack the central bank with

their own.
On the face of it, the GNP
Thus the committee includes figures, reinforced by the have better cause to argue than at the policy-making FOMC eign exchange front.

ary, for the first time in almost two years, confirming sugges-

tions of a revival in overseas

interest in the Tokyo stock mar-

said foreigners bought Y222.6bn (\$1.73bn) more shares than they sold during January, making it the first month since March 1986 in

which foreign investors were

Investors from abroad were

big sellers of Japanese stocks last year, liquidating a net

TIA 73 91 SW.

The Tokyo Stock Exchange

The huge build-up of inventories and the decline in con-sumer demand which were revealed in the fourth quarter gross national product figures reliable Republicans, the Fed cannot be ignored as a pointer governors and area presidents to some retrenchment in pro-who make up the FOMC still duction during the early part of seem to have strong wills of this year. duction during the early part of

dogmatic monetarists, outspo- decline in leading indicators ken supply-siders and several and the weaker-than-expected oid-line Keynesians who are as independently minded and as argumentative as any group of 12 economists gathered in one only that the US trade figures room. And rarely will they due for relase next Friday probate better cause to argue than voke no new horrors on the for-

> the Japanese market, a level widely seen in Tokyo as a floor for a market which alone accounts for 40 per cent of all world stock market assets.

Foreign buyers revive interest in Japan

Foreign investors thus account for between 2 and 3 per cent of the capitalisation of The figures, which cover the

Signs of renewed foreign buying interest emerged in December when, according to Japanese and foreign firms, US Y129.4bn, the second largest pension funds began to commit funds to the market.

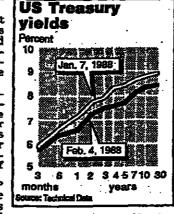
They were joined in January picked up toward the end of the month. In the last week alone, foreign investors bought a net weekly figure on record. The record, from the second week of March 1986, stands at

FT/AIBD INTERNATIONAL BOND SERVICE

SEARS OFFIN. 194 SEARS OFFIN. 194 SEARS MEDICK By 90 SEL PACIFIC 100, 92 SHELL (CHANADA) 144 92 SHELL (CHANADA) 145 92 STATE BK 5 MJST 94 93 STATE BK 5 MJST 94 93 STATE BK 5 MJST 94 93

\$14bn in holdings in October by European and other inveswhen stock prices collapsed around the world.

State of the prices and the other Japanese securities however,



However, this comforting assumption has become so widespread among bond inves-

anese entities abroad, show that the pace of foreign interest picked up toward the end of the

unemployment, as strong

nous effect on policymaking.

A lower trade deficit would presumably diminish down-ward pressure on the dollar and

therefore remove one obvious constraint on monetary easing (although it remains unclear why the markets are so convinced that deficits of \$12bn a month or even as "little" as tors after the marvellous buil \$8bn a month can be effort-run of the last two weeks that lessly financed). lessly financed).
On the other hand, a turn-

it is dangerous to take it On the other hand, a turn-entirely for granted. On the other hand, a turn-round in the trade deficit, if it when Fed officials look does occur, will boost GNP

The January figures show, however, that individuals were

net sellers to the tune of Y280.3bn, down about 50 per cent on December. Investment

Institutional buying was

Stephen Fidler

year ending in March.

The figures, which cover the cent on December. Investment Tokyo, Osaka and Nagoya trusts were net buyers of exchanges and also include Jap- Y249.7bn and banks and other

nonth.

encouraged by a Ministry of
in the last week alone, forFinance easing of accounting
ign investors bought a net and other rules for the financial

ALLED SIGNAL 64 93...... AVON PRODUCTS 64 93...... BARCLAYS 075 6 94..... B.F.C.E. 54 96.... CANADIAN PACIFIC 64 96...

ahead of the current quarter, growth and add to precisely the toward the summer and kind of inflationary pressures autumn, many of them see a on the industrial economy greater threat of inflation than which some officials fear. It is not that these Fed offi-

exports and investment exhaust cials are reluctant to see the productive capacity in the trade deficit narrow; but they industrial heartland while believe that any reduction in import prices continue to rise.

Even improvements in the US accompanied by cutbacks in US trade deficit, which are now consumer spending in order to almost universally expected by economists within the Fed as for a non-inflationary long-term well as outside, have an ambig- solution to the US balance of

payments problem.
Thus those members of the FOMC who are bullish about the improvement in the trade picture are not going to lose sleep over the signs of weakness in consumer spending or housebuilding. Belt-tightening by the consumer is exactly what the doctor ordered, as far as the committed anti-inflationists at the Fed are concerned.

Indeed, it was precisely to enforce this belt-tightening and to release economic resources adjustment that Mr Alan Greenspan, the Fed's chairman, raised the discount rate shortly after he took office last sum-

In retrospect, Mr Greenspan may have regretted that action, particularly during a busy week or two in October. But his ies of US central banking may also have convinced him of the

financial institutions of perils of procrastination.

Y119.9bn. Indeed, he might well have

October why some of the blame for the stock market crash was not being placed on the broad shoulders of his predecessor Mr Paul Volcker.

After all, it was Mr Volcker, not Mr Greenspan, who had arguably caused all the trouble by failing to tighten policy ear-lier, thereby allowing the carni-val on Wall Street to continue far beyond the average equity trader's bed-time.
After his ordeal last October

the last thing Mr Greenspar will want is to repeat the experience next autumn - just before the presidential elections.

The following are the economi indicators due for release this week, along with the the mar-Met expectations as surveyed by Money Market Services of Red-wood City California: ORetail sales (Thursday) are

estimated to he unchanged with forecasts ranging from minus 0.8 per cent to plus 1 pe

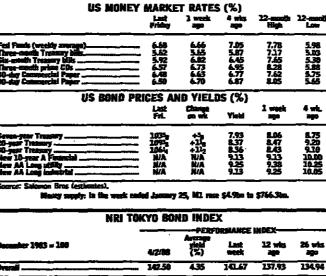
ent.

●Merchandise trade (Friday)

should show a deficit of
\$13.8bn, with a range of
\$11.5bn to \$16bn.

•Producer prices (Friday) are expected to have risen by 0.3 per cent, with estimates vary-ing from down 0 per cent to up

Anatole Kaletsky



4.75 1.98 523

UK GILTS

Tactical victory over recession bulls

A RISE in base rates usually retail sales. December's fall will gives the gilt-edged securities market direction for a time, but Monday's half-point increase to 9 per cent has left it in a state approaching confusion.

The market, which had pre-ferred to think recession was around the corner, was forced again to consider the alternative scenario.

Insult was added to this unwelcome injury by news on Friday of an imminent strike at Ford. Together with a generalised concern over growing industrial unrest, these two elements forced the effective decoupling of gilts from US Treasuries, and scored a tacti-cal victory for the inflation bears over the recession bulls. In the wake of the Ford strike announcement the market was simply unable to sustain a response to the two-point rally which boosted Treasuries after the release of US employment data for January.

Gilts at the long end lost a point to close at a level near 9.6 per cent, compared with 9.38 per cent a week earlier. The benchmark 30-year Treasury bond gained two points to close at 8.3 per cent on a yield basis. Domestic economic concerns, which had been effectively

sidelined since mid-January, have reasserted themselves with a vengeance. Market analysts, however, remain implacably divided into two schools of

An informal survey of nine analysts on Friday found that five believe base rates will rise in the spring, three think they will fall, while one sees no cent level over the medium

about the effects of a widening of the market. current account deficit.

For those analysts who see the limitations of the Bank's signs in the economy of a slow down, the Government is currently playing with fire by raising base rates. It runs a real possibility of tipping the UK into recession by raising rates and sacrificing the economy on the altar of exchange rate policy.

icy. Signs of a slowing are seen in

be followed by a similar decline in January. Witness the 7 per cent fall in notes in circulation in January; that matches a 7 per cent fall last January which was explained by one of the worst winters on record - an event not repeated this time. Bank lending data also conceals evidence of a slow-down.

It is generally conceded that the authorities' decision to cut the base rates to 81/2 per cent on December 3 was a had move. The long end of the gilt market did not like it and yields began to drift upwards from then on. A rate hike could have been expected to reassure the mar-

ket; the fact that it appears not to have may indicate that the market expects and needs a fur-ther rise before it is willing to see long-end yields fall. By all accounts, turnover last

week in the gilts market was pathetically low. Monday's base rate rise took the stuffing out of the market and the only signs of serious buying were the Middle East and West Ger-

For the foreign investor not concerned to analyse every UK economic statistic in forensic detail the yield basis is attrac-tive and the currency appears

Domestic institutions are. however, still sitting on their hands. The outlook for gilts seems to them so clouded at present that that they are having little difficulty in justifying being overweight in cash. Given the uncertainty, how-ever, they may want to con-sider the index-linked sector.

With real yields currently around 4 per cent and all the The "overheaters" see base uncertainty surrounding the rates being jacked up to 10 per outlook for growth and inflacent or more during the spring. tion, index-linked appear to They believe the economy will have an attractive "safe-haven"

remain strong, inflationary feel.

pressures – mainly from the If index-linked do prove to be labour market - will stay buoy-ant, the equity market will hold may want to appear even more up, and there will be pressures vigilant than usual in ensuring on the exchange rate as foreign that investors feel they have an investors become concerned unbiased access to that sector

But with 24 primary dealers For those analysts who see the limitations of the Bank's

Simon Holberton

5.61

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February: 1955

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PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's autouncements except when the forthcoming board meetings (indicated thus) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

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Second Preference Shares 2000 of £1 each at 100p per share

Listing Particulars are available in the statistical service of Extel ies of the Lis

obtained during business hours on weekdays (Saturdays excepted) up to and including 10th February, 1988 from the Company Announcements Office. The Stock Exchange, London EC2P 2BT and

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Share Capital

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Gulliver raises standby offer for Waverley

MR JAMES GULLIVER'S Sanda Investments has ingreased its standby cash offer for Waver-ley Cameron, the Scottish stationery maker, to \$20p per share. This tops the 500p cash bid made by Flavell Communications. cations, a private company con-trolled by Mr Kevin Doyle.

The increased terms have been unanimously backed by the Waverley board who have repeatedly supported plans for Mr Gulliver, the Argyll group chairman, to take management control of the group. Under the original plan;

Sanda, a company controlled by Mr Gulliver, would have injected \$1.65m in new capital, in return for shares issued at 120p each, raising its stake to 64 per cent. If that deal was approved by shareholders, then the cash standby offer, which under the original deal was worth 270p per share, would be offered to the minority.

But Mr. Doyle opposed the deal, arguing out that it was unfair to issue shares at 120p to Sanda; when the market price was well over 400p. He built up his stake in Waverley to nearly 26 per cent and then made a 500p cash offer for the rest of the equity. His offer is dependent on shareholders rejecting the Sanda deal.



James Gulliver: increased terms unanimously backed by

Shareholders will be given the chance to vote on the Sanda buy-in at an extraordinary meeting on February 17. Mr Doyle could not be contacted yesterday for his reaction to

the new Sanda offer.

The Waverley directors, and other shareholders owning 22 per cent of the equity have undertaken to approve the deal and not to take-up the standy cash offer; Sanda itself owns 13 per cent of the equity.

Celtic Basin back to profit with £160,000

With realised profit on the sale of investments this time of £132,108, Celtic Basin Oil Exploration reported interim profits of \$160,264, against losses last time of \$18,493. For the six months to the end of June 1987, there was again no

Directors said that the continuing revival in the company's financial position justified a review of the capital structure. Proposals would be put to the off the loss on the profit and loss account so that a dividend could be considered when it

Blue Circle says bid has strong logic

Blue Circle, the building materials company, has sent a fur-ther letter to shareholders in Birmid Qualcast, the lawn-mower, boiler and cooker group for which it has launched a

The letter challenges claims made in Birmid's fourth defence document, published on Friday and reasserts that the logic"

Pavillion Leisure F J Porter and Gilport Hotels have increased to 18.7 per cent their stake in Pavil-lion Leisure, the theatre com-

Birmid Qualcast PLC

Shareholders

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FINAL OFFER

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BIRMID QUALCAST

David Waller reviews the transformation of Thomson T-Line

Pools purchase to pay dividends

had failed - in buying the Ver-nons football pools business The transformation bears all from Mr Robert Sangster, the the hallmarks of a classic shell

race-horse owner.
The £90m deal, details of which were amounted on Friday last week after two months of negotiations, is the latest, and by far the largest, in a series of transactions which in the last two years have transformed TTL into a mini-conglomerate. When two South African entrepreneurs, Mr Julian Askin and Mr Hugo Biermann, wrested control of TTL iary, a stockist and distributor in February 1986, its sole business was a loss-making timber of ing and transport activities. yard located in the centre of ing and transport activities.

Falkirk (the caravan interests This was followed in March

Falkirk (the caravan interests were disposed of in 1982). Now, football pools apart, the company operates in a number of fields including electrical and electronic equipment, industrial fasteners and prop-

erty. On Friday, it forecast that it will make pre-tax profits of no less than \$4.6m in the year to April 30, compared with usacture. £760,000 in the 16 months to TTL ha April 30 last year. The forecast, includes no contribution from Vernons, which made £7.4m in the year to last August. The combined company is

Thomson T-Line used to likely to have a market capital-enjoy modest fame as a maker isation in excess of £130m, of caravans and trailers. In which compares with TTL's future, it is likely to be best. \$2m value prior to the arrival known as the company which of Mr Askin and Mr Biermann, succeeded – where many others now the company's joint chair-

operation. The presence of the The £90m deal, details of two entrepreneurs prompted a which were announced on Fri hike in the share price which

last year with the £11.7m acquisition of Taddale; a company whose shares were traded under Stock Exchange Rule 18 Stock Accusing Ame 535(2) and on the Over-the-Counter market. It specialised in the assembly and distribution of electrical and electronics equipment, joinery manufacture and chemical man-

purchases of small private companies. The purchase of Vernons, a large private company, nons was unprofitable or incadelays in the delivery of comis intended to provide the compable of growth — when interpated by the cost o pany with a core cash-generat-



vendor of the Vernons Group, who is to become a non-executive director of Thomson T-Line

ing business to nourish the other parts of the group and finance further acquisitions. Under Mr Sangster, Vernon

was managed efficiently, but without the ruthless dedication to profit maximisation that might be expected in a publicly quoted company. Generating cash of an average of \$2.5m nanufacture and chemical man-facture.

each week, proceeds from the business were used to finance TTL has made three further the millionaire's bloodstock

That is not to say that Ver-

profits have grown steadily from \$5.4m in 1983 to \$7.4m last year.

Nevertheless, Mr Askin and Mr Biermann seem right in their assertion that the business will respond to a more pro-fessional style of management. With a minimal requirement for working capital, the Ver-nons pools business is the archetypal cash-cow. Add to

that the profits potential and its strong position as number two to Littlewoods in a market which legislation renders rela-tively invulnerable to other competition, the deal is a coup indeed for the ambitious TTL one which might not have been brought off if Mr Askins and Mr Biermann had not had the foresight to employ Mr Sangster's son, Guy, as an analyst in their acquisitions department.

Very much a creature of the bull market, TTL will derive from Vernous the financial muscle to continue to grow in a bear market. Enthusiasm should be tempered, however, by noting that the company's forecast profits of \$4.6m are some \$2m lower than most anslysts' estimates.

The company attributes this to a mixture of reorganisation costs, interest costs arising as a result of the share stake in the listed company, and anticipated

PHILIP COGGAN LOOKS AT THE NEW ISSUES SCENE AFTER THE CRASH

Confidence beginning to return

THE LAUNCH of two substan-tial offers-for-sale this week indicates that confidence is beginning to return to the new issues market after October's

crash.

The events of Black Monday going ahead".

The London Forfaiting float, abandon, or at least postpone, their flotation plans. Those few their should represent the like the like subsidiary to the like the li scale down their expectations and to accept substantially the bull market.

However, despite the dra-matic falls in share prices, the FT-SE 100 Index is still around

buoyant.

So new issue sponsors have Copymore, an office equipdecided to test the water. Lonment supplier and TIP Europe,
don Forfaiting, the trade a trailer rental company are
finance groups is one company another two companies whose

Wilson, chief executive "that

Healthcare, the UK subsidiary of a US private medicine group, will raise slightly less in its lower ratings than they might main market flotation; earlier have expected at the height of indications of a £60m offer eem to have been scaled down to around \$40m.

Nevertheless, the combined total of \$100m plus is still a the level it enjoyed at the significant figure for a stock beginning of 1987 when the market which seems to be in new issues market was still the doldrums. And more compa-

finance group, is one company another two companies, whose which had planned a late 1987 flotation plans were disrupted

flost. "We had done so much of by the crash. TIP has had to the pre-flotation work and scale down its plans for an devoted so much management offer-for-sale and will, instead, time to the issue" said Mr Jack raise the maximum of \$15m allowable via a main market

placing; Copymore will today publish its prospectus for a placing on the USM.

Meanwhile, Vosper Thorney-croft, the warship manufacturer which was the subject of a management buyout from British Shipbuiders in 1985, is planning a placing in March; and Shanks & McEwan, the Scottish waste disposal group, will seek to raise around £14m via a placing later this month. Other issues in the pipeline include A J Archer, a Lloyd's managing agency; Ankett Associates, an architect; and Nor-folk House, a property con-

pany.

The reason all these companies are venturing on to the market is that the institutions seem to have solved their immediate liquidity crisis. On Black Monday, many fund man-

Since then, institutions have built up their cash positions, by selling equities, accepting the occasional cash bid in a take-over and through the normal influx of pension and life assurance contributions.

In-Shops, the niche retailer which joined the market last month, discovered that institutions were willing to back a new issues. Its placing was four times over-subscribed.

Nevertheless, with many com-mentators still predicting a further downphase of the present bear market, the sponsors of the current crop of new issues will not rest easy until the applicants' cheques are safely in the bank. And if the two big offers-for-sale flop, that may depress the new ise for the rest of 1988.

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By Morgan Guaranty Trust Company of New York, London Agent Bank

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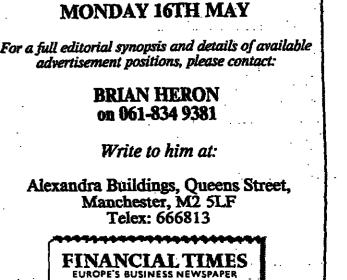
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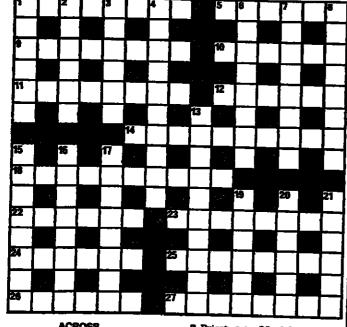
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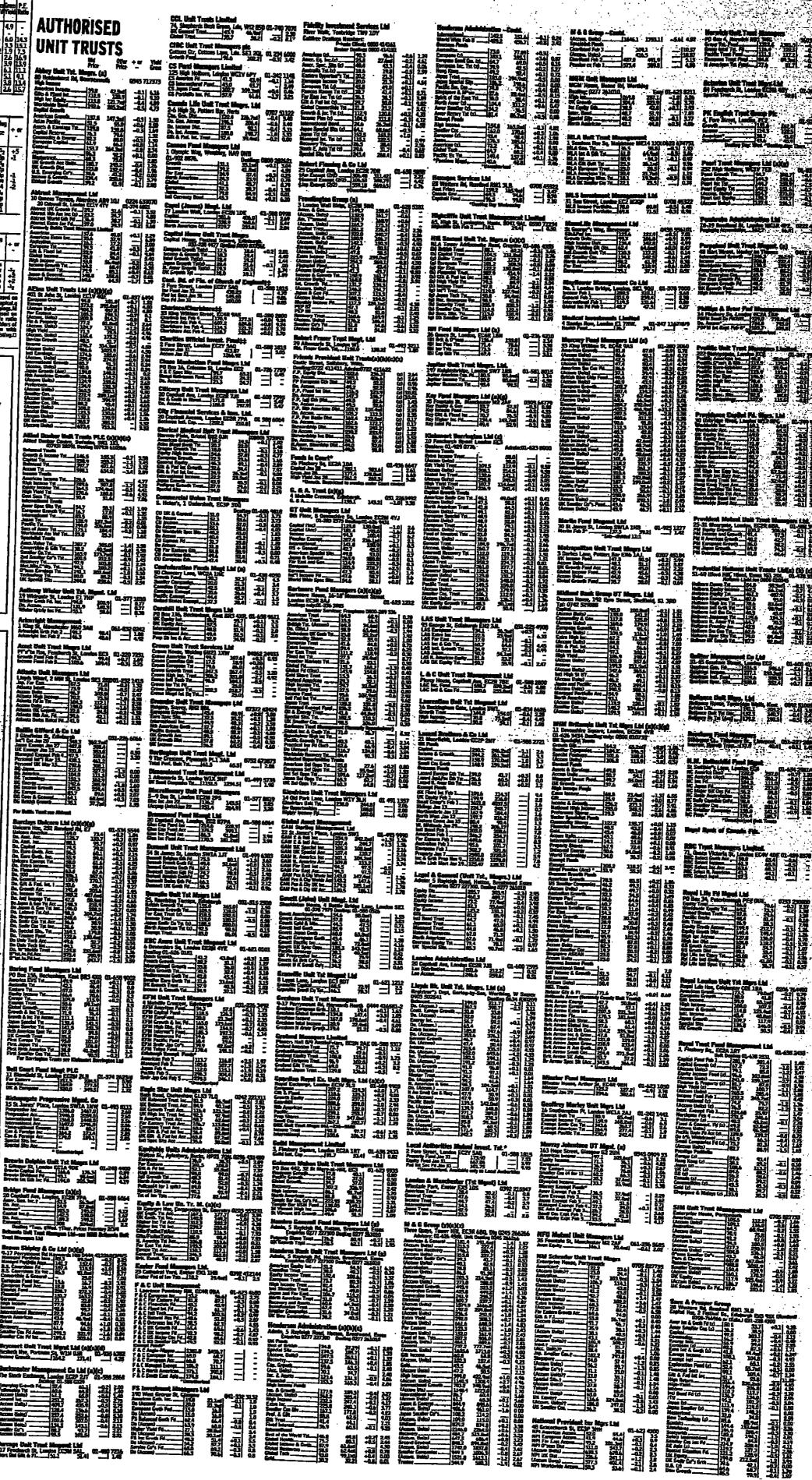


- ACROSS
 I and 5 Gamble on this and more in debt a disaster!
 (3,5,6)
 9 Follow tube to suction part of pump (4-4)
 10 Cricketer candid with Queen (6)

- 10 Cricketer candid with Queen
 (6)
 11 Be declared keeper (8)
 12 Shrub a toper cultivates (6)
 14 Employees tend to notice hospital worker (5,5)
 18 Slip to Rome in disguise there's a city! (10)
 22 Inexperienced airman returns depressed (6)
 23 I tar road perhaps and feel heat from it (8)
 24 Lighthouse could be a trick
- 25 Feldspar could provide aural
- 25 Feldspar come passed (8)
 26 Not odd to follow the Spanish team (6)
 27 Swing torch in church-time for musical note (8)

 DOWN
- 2 Priest gets 26 right with a panacea (6)
 3 Account about wine (6)
- (10)
 6 A quiet father that's obvious

- 6 A quiet father that's obvious
 (8)
 7 Fellow, a conservative, is the recipient (8)
 8 Maybe tether and cut to intimidate (8)
 13 Dare Frank and I disturb beef cattle? (10)
 15 Before noon I send message to be friendly (8)
 16 Yet time for a frame (8)
 17 New moon note change but sameness in colour (8)
 19 Wager not well inside soldiers' quarters! (6)
 20 Rigid leading performer joins companion (6)
 21 Make mistake with worker by wandering (6)
 The solution to last Saturday's prize punche will be published with masses of winners on Saturday February 20.



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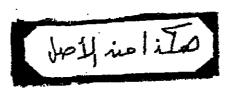
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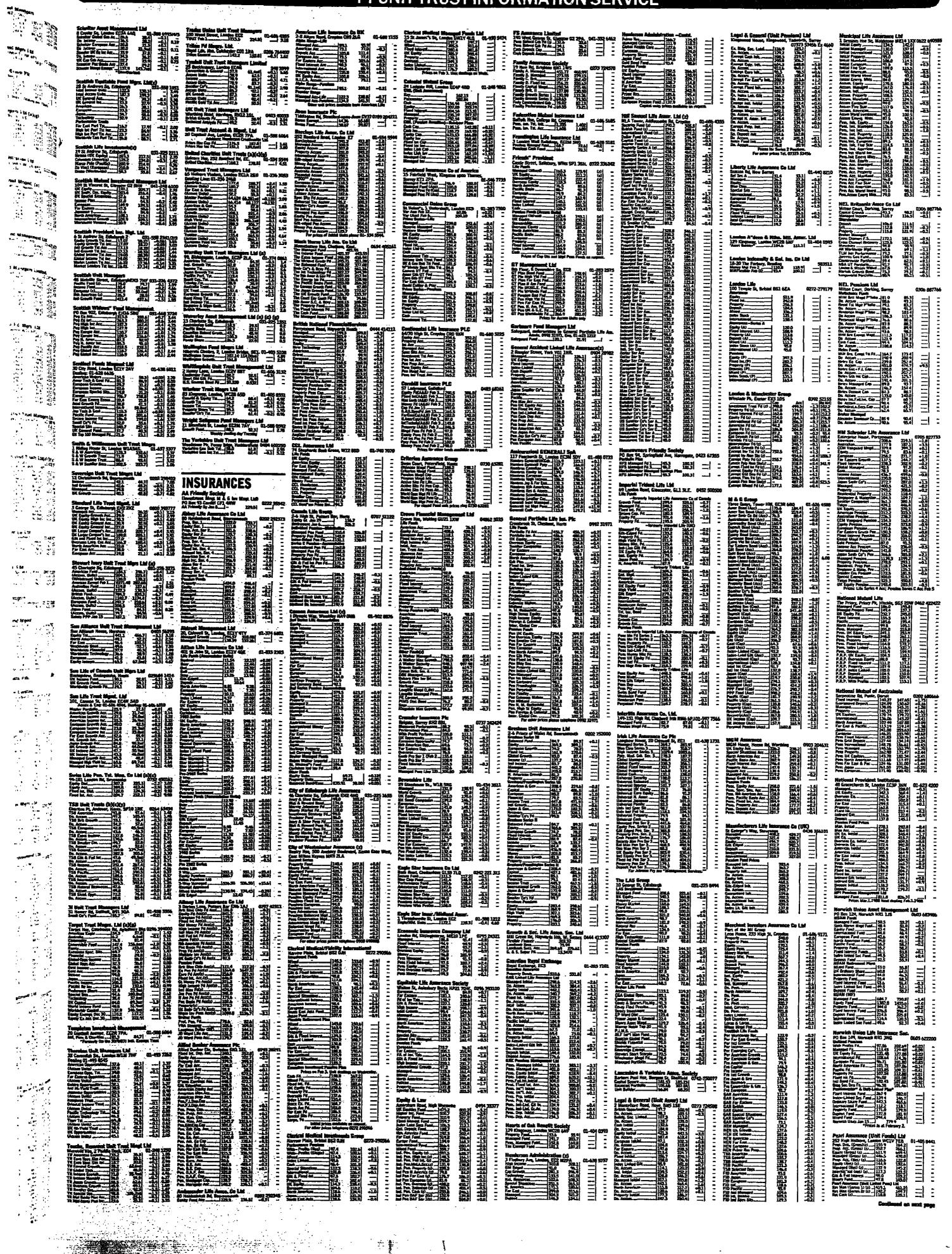
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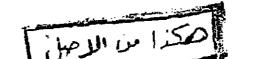
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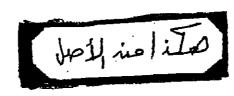
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Financial Times Monday February 8 1988 25 **BRITISH FUNDS BRITISH FUNDS - Contd FOREIGN BONDS & RAILS** Price Last Div % 2 mi Srum 45 211 350 45mi 12 375 155 275 155275 41 1450 993, mi 12 9.75 Prince Last 71-14 77.78 16.67 14.44 13.67 10.81 11.59 9.80 1, Contrary ASALAM DMSA, 166 English Prince, The VSSTA, 207 12, 1884 SF-64, 524 SZ7, 116 Five Years) 1001 510 10.71 1002 511 10.72 1002 511 10.73 1002 511 10.73 1002 511 10.74 1002 511 427 29.12 9.33 36.1 9.20 37.1 29.6 7.03 31.11 19 9.47 26.51 12 9.28 26.5 25.8 9.28 (1) (2) 1343 248 1182 71.12 1801 17.8 1294 10.8 109 18.8 1863 18.10 1877 14.12 1813 14.10 1853 11.1 943 21.12 927 9.9 785 11.12 0.74 2.05 3.42 3.72 3.79 3.78 3.70 3.64 3.57 Auch CRE Eight 127 Arch tool Fit (a) Arch tool Fit (a) Arch tool Fit (a) Arch tool Fit (a) El Arch School Fit (a) El Boote Fit (a) **AMERICANS** 8. 58. (55.588) Bebibbe Dividends Paid Fb Hy Ag Nv Abbots Laboratories II. Fb Hy Ag Nv Abbots Laboratories II. F Hy Ag Nv Abbots Laboratories II. 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Expansion for M25 motorway

BALFOUR BEATTY CON-STRUCTION has been awarded a £30m contract by the Depart-ment of Transport to widen the M25 in Surrey. The work will be carried out over a nine kilometre length of the motorway between a point to the south east of Junction 10, the A3 Wis-ley turnoff, to just beyond Junction 13, the Staines exit. The width of the motorway is to be increased to four lanes between Junctions 11 and 13. with improvements to slip roads at Junctions 10, 11, and 13, including modifications to the M25/M3 interchange at Junction 12. The work is scheduled to start in early February with completion in the summer of 1989. Balfour Beatty is a BICC company.

Spread of work for Gleeson

M J GLEESON GROUP has started the New Year by securing over \$3m of contracts in the north for civil engineering, housing and refurbishment projects, and commenced an In Lancashire, 2 six-year £832,000 contract has been placed to build 35 traditionally constructed houses and flats

for Trafford Metropolitan Borough Council. Refurbishment works include alterations and repairs to a school in Bradford for the Metropolitan Borough Council; and the re-roofing of workshops at a youth custody centre in Hull for HM Prison Service.

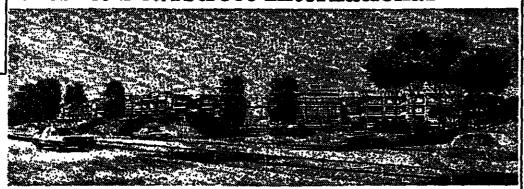
Together the contracts are worth almost \$800,000. In the south, Gleeson com-menced work in January on the construction for the Department of Transport of a 2.7 mile stretch of dual two-lane carriageway on the A3 in Surrey. This is due for completion in 1989.

Laing builds **Crown Courts**

JOHN LAING CONSTRUC-TION's northern region has won a contract (worth nearly \$2m) to build the new Middlesbrough Crown Courts. To meet the Lord Chancellor's Department's urgent need for court accommodition in Middlesbrough a fact dation in Middlesbrough a "fast track" contracting method has been adopted. The building will been adopted. The building will comprise 11 Crown Courts, one County Court and ancillary road, for the Scottish Development Scottish Development Department, worth \$3.6m; refurbishment of offices, shops, of over 14,000 sq metres. Construction is planned for completion in August 1990.

CONSTRUCTION CONTRACTS

High Wycombe headquarters for **Dun & Bradstreet International**



beadquarters offices, includ-ing one of the largest computer rooms in Europe, for Dun and Bradstreet Interna-tional, has been awarded to TARMAC CONSTRUCTION. Work on the 12-acre site at High Wycombe, Buckingham-shire, is scheduled for completion in about two years.

The contract involves con-The contract involves construction of a series of four-storey concrete-framed linked buildings providing 498,000 sq ft of offices, basement parking areas and plant rooms. External walls will be clad with insulated panels and windows in a modular pattern and the interior,

high standard. The buildings will incorporate a 40,000 sq ft computer room and staff facilities will include a travel shop, banking facilities, rec-taurant and coffee shop, fit-ness centre, health centre and with insulated panels social areas. Landscaping, windows in a modular parking areas, access roads and the interior, and mains services and sewerwill be finished to a age connections are included.

£17m riverside flats conversion

(LONDON) has secured orders have a swimming pool and with a total value over \$17m. other recreational facilities. At New Caledonian Wharf, SEI6, a 1960s riverside building is being converted into 105 lux- ary flats for Rosehaugh Copartnership Developments under a \$8.5m contract. Foundations are to be strengthened under the four-storey structure which will be stripped back to the concrete frame and them rebuilt include two shop units.

WATES CONSTRUCTION above. The new building will built at Butlers Wharf, SEI

under a \$3.5m contract, for London School of Economics and Political Sciences. The sev-en-storey building will provide accommodation for 282 stu-dents each with an individual study (hedrony)

In the public sector Wates has a \$2.5m contract to build 36 houses for the London Borough of Lewisham on the site of the old St. Winefride's Convent in Mayow Road, SE23.

Luxury accommodation in Croydon

known as Cedar House Securi-ties, to build 94 apartments on a 2.25 acre site at Tavistock Gate. Sale prices for finished homes will range from £72,500 for one-bedroom flats, to \$245,000 for four-bedroom The two construction and penthouse suites. Work on the property groups have formed a 64-week first phase, to build 44

The overall development which bas a security gatehouse will comprise 26 one-bedroom and 62 two-bedroom apart-ments, plus six penthouses. Construction will be of tradi-tional load -bearing brickwork

Two aerospace building projects

awarded contracts worth a total of £12.75m. The largest isan order to construct a £7.5m an order to construct a 27.5m office and production facilities building for McDonnell Douglas Information Systems in Hemel Hempstead. The 70-week project is to be undertaken on a design/construct basis and involves a four-storey building with single-storey ancillary

Work has started on construction of an international project centre for British Aerospace at Hatfield. In the two-storey

building will be a display area, conference room, suite of exec utive rooms, catering and other facilities. Completion of the \$1.8m project is program

Offices for the Ministry of Agriculture, Fisheries and Agriculture, Fisheries and Food, Department of Employment, and Department of Health and Social Security, are being constructed in Mill Lane,

A second floor is to be con-structed at roof level in a Sim 38-week programme at the James Beattle departmental store in Sutton Coldfield. Provision of this additional sales floor involves relocation of a kitchen, coffee lounge and din-ing room, and installation of scalators and a new entrance. Alteration and refurbishmen of Barclays Bank in Market Street, Bradford, is to be car-Beverley, for the Property Services Agency in a £1.7m convices Agency in a two and part three-storey, and contract is scheduled for comwill becompleted by April, pletion in 44 weeks.

Whatlings wins £11m Scottish orders

WHATLINGS CONSTRUCTION, Alfred McAlpine Construction's Glasgow-based company, has won contracts totalling almost £11m. They include contracts for: the A9 Dunbeath diversion on the London-Edinburgh-Thurso trunk

Classical House, worth £3.5m; a £787,000; housing at Glasgow health centre, at Castlemilk, Street, Dunfries, for Loreburn Housing Association, worth Health Board, worth £1m; and housing refurbishment, at Kennoway Drive, Glasgow, for Chan, for Loreburn Housing Association, worth £380,000; housing at Glasgow Street, Dunfries, for Loreburn Housing at Glasgow District Council, worth £3.5m; a £787,000; housing at Glasgow Street, Dunfries, for Loreburn Housing Association, worth £360,000; sheltered housing at Glasgow District Council, worth £3.5m; a £787,000; housing at Glasgow Street, Dunfries, for Loreburn Glasgow District Council, worth £500,000; sheltered housing at Glasgow District Council, worth £500,000; sheltered housing at Glasgow District Council, worth £500,000; sheltered housing Association, worth £300,000; sheltered housing at Glasgow District Council, worth £500,000; sheltered housing Association, worth £500,000; sheltered housing Drive, Glasgow District Council, worth £500,000; sheltered housing Association, w Dunbeath diversion on the London-Edinburgh-Thurso trunk

Others include: a new show-room for Reids Furniture, Bir-kenshaw Industrial Estate, Uddington, for the Scottish Development Agency, worth Council, worth \$97,000.

Hoddom School site, Ecclefechan, for Loreburn Housing Association, worth £880,000; general works at Victoria Halls, Annan, for Annandale & Eskdale District Council, worth £100,000; upgrading of the old Gala House at Galasheils for Ettrick & Lauderdale District Council, worth £97,000.

5 PER CENT. BONDS DUE 1992 WITH WARRANTS EXERCISABLE INTO FREE PREFERRED SHARES OF NOKIA CORPORATION

In accordance with the terms and concident of the Warrants, notice is hereby given that the Board of Directors of Nokia Corporation will propose to an Extraordinary General Meeting of the Company to be hald on Mondey, 15th February, 1988 that the share capital of the Company be increased by a one for ten capitalisation listue and by a one for ten capitalisation listue and by a one for ten capitalisation listue and by a one for ten right to subscribe for one new preferred share at a price of FM 65 per share against every six Rights Issue Coupons No. 1 attached to the Warrants. For this purpose the Rights Issue Coupons No. 1 attached to the Warrants. For this purpose the Rights Issue Coupons must be presented at Karsasille-Opelex-Parietid, Investment Santieng, Settlements and Custodient Services, Aleksanterinkatu. 42, 00100 Helsinki, Finland or to the Union Bank of Finland Ltd., Foreign Sale Custody, Aleksanterinkatu 30, 00100 Helsinki, Finland. The subscription period will commence on 17th February, 1988 and end on 25th March, 1988. The subscription price is psyable by 30th June, 1986.

In connection with the capitalisation issue, Warmintholders will not be entitled to receive new free preferred shares. However, notice is hereby given that the exercise price will be reduced to FIM 154 as of 18th February, 1988.

Helsinid, February 1988 Supervisory Board of Nokia Corporation

To the Holders of

Standard & Chartered

Standard Chartered PLC

US\$400,000,000 Undated Primary Capital

Floating Rate Notes

In accordance with the provisions of the Notes,

ation period from 8th February, 1988 to 8th March,

Interest accrued to 8th March, 1988 and payable

US\$10,000 Note and US\$568.92 per US\$100,000

Standard Chartered Merchant Bank Limited

Agent Bank

1988 the Notes will carry interest at the rate of

on 6th July 1988 will amount to US\$56.89 per

7.0625 per cent per annum.

Note.

notice is hereby given that for the Interest Determin-

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

Class A-1 Floating Rate Bonds Due February 1, 2017

Pursuant to the Indenture dated as of November 26, 1986 between Collateralized Mortgage Obligation Trust Eighteen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from February 1, 1988 through April 30, 1988 as determined in accordance with the applicable provisions of the Indenture, is 7.50% per annum.

COLLITERALIZED HORTCASE COLLECTION TOOST SIGNTED

NOKIA NOKIA CORPORATION USD 100,000,000

Further Information is available from Kensalls-Ceake-Paraidi or Union Bank of Firland Ltd. at the above-mentioned addresses, and from English Securities, Standinavista English Limited at 26, Finebury Square, London EC2A 1DS,

Issue of up to U.S. \$75,000,000 SPAREKASSEN

sds

Sparekassen SDS

Floating Rate Capital Notes due 1991 U.S. \$40,000,000 having been issued as the initial tranche and U.S. \$20,000,000 having been issued as a subsequent tranche

For the period from February 8, 1988 to May 9, 1988 the Notes will be a interest at 7% per annum. U.S. \$1,769.44 will be payable on May 9,

By: The Chase Manhattan Bank, N.A. London, Agent Bank

February 8, 1988



Centre Point, London

Hotel Inter-Continental.

Tars Hotel, London, W8

March 1
Tolley Publishing Company:
Timber Trading 88 conference
(01-680 5682)
Boyal Garden Hotel, London

General meeting of the Institu-tion of Mining and Metallurgy (01-580 3802)

CBI Conferences: Lifting the barriers to Europe (01- 379

March 12 Wye College: A return to suc land? (0233 812401) Ashford, Kent

Institute of Directors: Do you have an identity crisis? (01-

116 Pall Mall, London SW1

Electronic Publishing Services:

Evaluating investment and acquisition opportunities in the information industries (01-490

Financial Times Conferences:

Cable and Satellite Exhibition

tion (01-930 6455) Horticultural Halls, Lon

Entrepreneur's Exhibition (01-

Business Design Centre, London

Wembley Conference Cen-

The City Conference Centre, London EC3

Centre Point, London WCi

Burlington House, London

February 29

March S

March 12

March 15

Business and Management Conferences February 8-9
Financial Times Conferences: CBI Conferences: The defence
The European Food and Drink
Industry (01-925 2323)
(01-379 7400)
Control Point, London

Hotel Inter-Continental, London Wi

Longman Seminars: Auditing and accounting of pension schemes (01-242 4111) February 9-10 Frost & Sullivan: Fibre optics in communications systems (01-730 3438) February 29-March 2 Metal Bulletin Conferences: Third Secondary Aluminium Conference (01-330 4311)

Portman Hotel, London W1 ebruary 10-11 Euromoney: Financial Law (01-236 3286) Hotel Inter-Continental,

London Wi February 11,12,15 Financial Times City seminar (01-925 2323) Plaisterers Hall, London

Pebruary 11-12
The Biscuit Cake Chocolate & Confectionery Alliance: 35th technology conference (01-631 434) Connanght Rooms, London WC2

February 15 Financial Times Confrences: The London Motor Conference - Manufacturing, Components and the Aftermarket (01- 925

2323) Hotel Inter-Continental, February 17-18
Financial Times Conferences: Cable television and satellite broadcasting (01-925 2323) Hotel Inter-Continental,

February 18
Drummonds for Conferences:
Finance Direct 88 – Direct Marketing Services for Financial
Marketeers (05806 5161)
Marriott Hotel, London, W1

February 22 Legal Studies and Services: Disqualification and personal lia-bility (01-236 4080) icester Hotel, London

The Economist: Marketing financial services (01-839 Marriott Hotel, London, W1

Trade Fairs and Exhibitions: UK

March 1-6

(021-236 3366) Current International Spring Fair -Hardware and Housewares Show (0604 22023) (until Febri-February 21-24 International Men's and Boys' Wear Exhibition – IMBEX

ary 11)

NEC, Birmingham

February 9-16

USM exhibition and conference
(01-493 0000)

Chiswell Street, London

February 10-12
Energy exhibition (01-660

8008)

International M.
Wear Exhibition
(01-940 6065)

February 25-28
Cable and Satel
(01-486 1951)
Wembley Con

Pebruary 11-14 Crufts Dog Show (01-493 7838) TREX (0483-222888) February 14-16

International Automotive Parts British National Stamp Exhibi-and Accessories Trade Show - tion (01-230 6485) OAUTOPARTAC (01-855 7777) Olympia March 3-5

Northern Building Services and Energy Management Show (01-680 7525) G-Mex Centre, Man

ster March 6-8 Fast Food Fair (01- 948 9900) how G-Mex Centre, Manchester February 20-28 Boat, Caravan & Leisure Show

Overseas Exhibitions nal Toy Fair (01- 460 February 20-24

Air Transport, Airport Services & Cargo Handling Exhibition -ARAB AIR (01-935 8537) (until

2235) (until February 10)

February 10) February 10-14

Instrumentation and Scientific
Control Equipment Exhibition - March 8-12
INSTRUMENTATION TURKEY International Business Show (01-486 1951)

(01-486 1951)

Tokyo Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes in the details published

sumer Goods) (01-734 0543)

February 29-March 5
Mechanical Components Exhibition - MECANELEM (01-225

EXPORT FINANCE

The Financial Times proposes to publish this survey on:

Monday 18 April 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

> BRIAN KELAART on 01-248 8000 ext 3266

or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Interest Period and Rate Change AB Svensk Exportkredit

(Swedish Export Credit Corporati

U.S. \$100,000,000 Three Year Extendible Notes due 1994

(Repayable at the holder's option on February 28, 1988)

In accordance with the Terms and Conditions of the Notes, the Company has specified that for the period commencing 28th February, 1988 and ending on 28th February, 1994 the Notes will carry an interest rate determined as the mid point between the annualised equivalent of the yield of the 5 and 7 year U.S. Treasury Bonds as shown by Telerate Screen 5 at 15:00 hours London Time on 23rd February, 1988.

Agent Bank

FINANCIAL

THURSDAY FERMIARY 19*
COMPANY MEETINGS—
Lovel (* J.) *toolstragers* Hell, Aid
Street Bathless, E.C., 11, 20
ROOM Of Dogs. S., Perce Conye, Mere
also of Dogs. S., 230
SOARD MEETINGS—
Franks

COMPANY MEETIN esoc. Paper Inda., Howard Hotel, Place, W.C., 12.30

Pace, W.C., 12.30 Baggeridge Brick, Midhan Street, Birmingham, 12.30 Burns-Anderson, Heliday In Street, Bristot, 12.00 Tornichanons, Duke Place, Worts, 12.00 BOARD MEETINGS-Finaliz idio, 127–131, The Pk Mariohester, 12.06

Michigan 1.46 nunning Group 1.25p runswick Corn. Sets. urton Group 5.2p ONIDEND & ENTEREST PAYMENTS-Anchor Ind. Fund 11.45cts. Angla Secure Homes 1.3p Bermuda Intl. Bond Fund 30cts. Driefontein Cons. 22.01246996

Painter 1.3p Gibbon Lione Group 1.5p Tomidneous Sp WEDNESDAY FEBRUARY 10 COMPANY MEETINGS-

NO A INTEREST PAYMENTS.

Technology in the international securities markets (01- 925 2323) Hotel Inter-Continental,

Addie Wenneprater Sendel Perties 1.5p Zandpen Gold Mining 2.58 SATURDAY FEST DANDEND & RITEREST DANDEND & RITEREST

PARLIAMENT

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Select Commitment - Frame arts. Intelligible information inchangings in DTI officials. (Ricom 15, 19,15 and) - Foreign affairs - subject Guif for neas: David Metor MP, Foreign Officer of State. (Ricom 16, 19,30 and) - manural - subject Their interpting.

Comstons: Employment Bill, progress on remaining stages. Motion on Local Government Act (Police and Pire and Civil Delence Authorities) precepts limitation order. Lorde: Arms Control and Disamsent Bill, third reading. Logal Ald Bill, report. Motion on the Industrial training lavy (Engiseed).

Constants Debits on a motion on televisis the proceedings of the House. Motions of local passenger transport orders.

Lorde: Social Security Bis, Committee.
Select committees. Transport - subject decline in the UK-registered marchent Res Witnesses: Department of Transport, Minkry of Defence, and Treasury officials (Root 17.5 om).

February 29- March 4
International Electrical and
Electronic Exhibition – ELEC-

Lorder Short decrees the secret services under greater control and accountability. Short debate on the ject - Brighton and Principles rating on tamily file (Room 13,11.0 am)

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FINANCIAL TIMES CONFERENCES TECHNOLOGY IN THE INTERNATIONAL **SECURITIES MARKETS** London, 24 & 25 March 1988

The Financial Times third conference on Technology in the The Financial Times third conference on Technology in the International Securities Markets will open with an overview of the present and future gobal equity market given by Mir Alastair Ross Gooby, International Investment Strategist Global Equities of James Capel. The growing use of-computers in the markets will be discussed by Mirs Philippa Hooper, Director, Posthorn Global Asset Management and Mirsteven Wunsch, Vice President of Kedder Peabody & Co. The impact of automated trading on the markets will be reviewed by Mir Richard Justice, Executive Vice President of the National Association of Securities Dealers and Mir Robert Garland, Managing Director of Morgan Stanley International.

Other contributors include Mr Bernard Reed, Foreign Equity Market Director and Mr Michael Baker, Executive Director of the International Stock Exchange, together with Mr Brian Traquair, International Director of I P Sharp and Mr Benoit Dumont, Vice President & Area Menager of the Euro-Clear Operations Centre.

THE NEWSPAPER INDUSTRY -A PERSPECTIVE OF THE NEXT FIVE YEARS London, 12 & 13 April 1988

As part of the celebrations to mark the Centenary of the Financial Times, the Newspaper is holding a major conference to look at the future of the newspaper industry converence to look at the future of the newspaper moustry both in the United Kingdom and abroad. The eminent panel of speakers include Mr Lee Huebner, Publisher of the International Herald Tribune, Mr Ko Morita, President - Chief Executive Officer of the Nihon Kelzai Shimbun, Mr Bill O'Neill, Managing Director of News International and Mr Raiph Ingersoil, Chairman of the Board of Ingersoil Publications.

THE CHALLENGE TO RECOVERY & GROWTH: FUNDING SOLUTIONS TO AFRICA'S EXTERNAL DEBT London, 18 & 19 April 1988

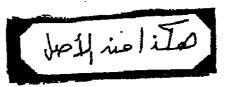
The Financial Times and the African Development Bank (ADB) The Financial Times and the African Development Bank (AUS) are joining forces to mount this important conference in London this Spring. The objective of the sponsors is to discuss solutions to the difficulties faced by the African countries and the panel of contributors is lead by Mr. Babacar N'Diaya, President of the ADB, Mr. Christopher Patten, Mr. Ministe for Overseas Development in the United Kingdom, Mr. Mosen A Currechi Sanior Vice Dresident of the Warld Bank. Mosen A Qureshi, Senior Vice President of the World Bank and Mr Mohmoud Salah El-Din Hamed, Egyptian Central Banker and head of the Governors of the ADB. Dr Irving Friedman, a consultant to the African Development Bank and Mr David Suratgar of Morgan Grentell will be two of the finance sector speakers. Mr Bernard Chizero, Minister of finance, Zimbabwe, The Honourable Luke Mwananshiku, MP, of Zambia and Alkhaji Ahmed of Nigeria are among a most impressive list of African ministers and officials who will be coming to London for the conference. The full programme will be available in the third week of February.

All enquiries should be addressed to: All enquines should be addressed to: The Financial Times Conference Organisation, 2nd Ficor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 01-925 2323 (24-hour answering service) Teles: 27347 FT CONF G Fax: 01-925 2125 4

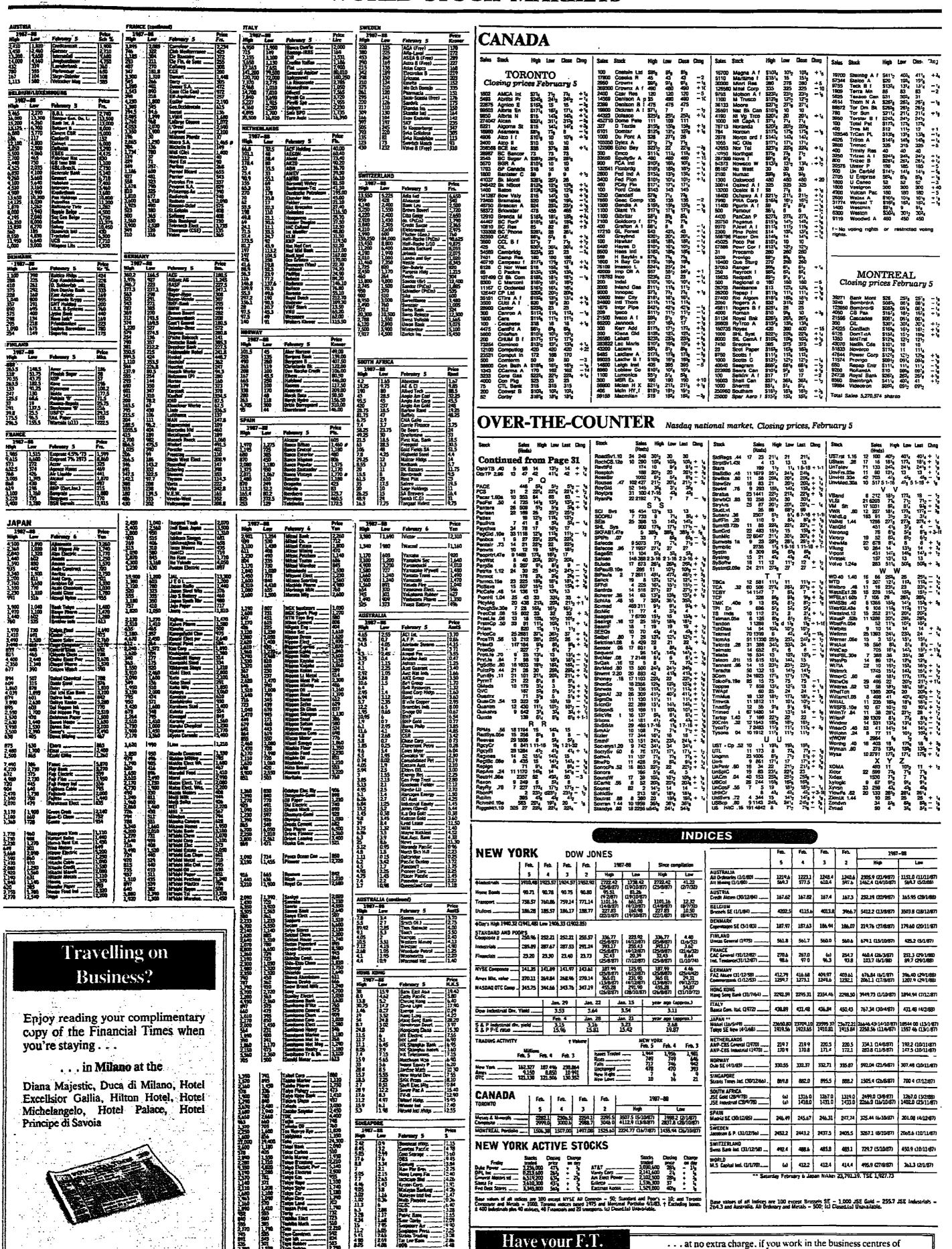
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

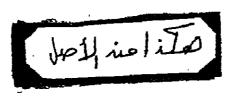
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NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES Closing prices, February 5

NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES Closing prices, February 5
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Enjoy rending your complimentary copy of the Financial Times on scheduled flights from Madrid and Barcelone. FINANCIAL TIMES Timpe's Brace Newport.	73.5855 13 12 12 12 13 14 15 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16

EUROPEAN OPTIONS EXCHANG

TOTAL VOLUME IN CONTRACTS: 19,802

BASE LENDING RATES

R. Rachael & Sons .

beal Trest Bank ...

Committee. * 7 day deposits 480% Saverise 6.66%. Top Fier-22,500+ at 3 month' notice 8.31%. At call when \$10,000+ remains, deposited, & Hortugage large rate, \$ Descand deposit 4.00%. Martugage 10% - 10.25%

Year ago (approx)

104.75 93.29 101.78 119.15 118.78

107.86 88.21 105.24 112.33 99.04 113.79 119.07

114.07 120.65 102.52 90.51 109.61 107.56 110.35 112.49 96.59 96.21 114.48 115.61

104.40 113.05 109.60 115.80 95.16 103.23 109.97 111.96 112.19

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QUARTERLY

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Baccas Lawrie

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Financial & Gen. Sec. ...

First Mat. Sec. Ltd. ...

HFC Trast & Savings ... A Hambros Bank... Heritable & Gen lov Sk • Hill Samuel

C. Hoster & Co. .

Roughang & Shangh ... Lloyds Rank

Local Corrency Index

89.38 76.34 96.30 99.52 100.90

94<u>.29</u> 69.82

87.71 100.45

86.91 95.36 76.37

116.07 95.40 67.00

108.35 103.02

86.02 118.32

105.44 102.84 71.94 85.67 105.05

103.89 104.51 95.99

180.81 102.87

134.89 141.78 124.83

121.82 104.93 158.68 160.22

112.11 161.28 193.64 422.59 131.41 138.99 185.01 174.28 198.09 168.81 136.64 111.11

162.87 137.42

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158.77 143.65 137.55 111.97 164.03 143.38 138.82 139.47 134.22

104.31 139.73 100.00

80.14 73.19 92.53 90.96 96.52 91.98 95.81 125.16 95.81 113.31 82.26 99.91 113.15 84.20 99.91 113.15 84.26 84.20 99.91 113.15 85.86

83.68 121.41

106.33 86.89 68.40 76.17 105.75

Robert Fleming & Co. ...
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AAB - Allied Arab Bk

Allied Irish Bank

American Exp. Bk

Heavy Austractier

ANZ Banking Group

Associates Cap Corp

Authority Bank

8 & C Glerchant Bank

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Bank Cemi (UK)
Bank Cemi Comm
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Bank of Indian
Bank of India
Bank of Southand
Banker Southand
Banger Belgy Uni
Banclays Bank M.
Benchmark Bank PUC.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

88.96 76.30 97.65

99.76 101.24 95.33 70.80 61.54 87.22 61.18 120.62 120.62 109.81 342.41 84.79 53.52 86.53 94.26 76.90 116.42 116.63 110.63

85.55 118.07 105.10 102.41 72.23 85.23 104.74 103.67

104.14 95.56

103.95

Gross Dív. Yield

4.40 3.64

3.98 0.81 1.81 3.62 3.59 5.29 1.89 2.27

2.46 3.82

Dollar Index

110.00

108.14 114.75 109.34 78.05 70.70 87.68 112.21

64.74 148.79 113.89 134.70

97.79 66.89 100.09 102.47 118.77 134.51

106.35 78.20 128.81 103.02

144,33 126,41

103.29 81.31 90.54 125.71 115.76 116.90

116,92

Committee meets Tuesday, and later in the year.
will be able to decide whether Like many economists Mr

recent events warrant easier Mackinnon expects early dollar

mpson points out that weakening later in the year

strength to be followed by a

Dollar's short term gains unlikely to last

monetary policy.

monthly falls in leading indica-tors; and the employment data. He believes there is a chance

the FOMC will agree to soften its credit stance. Mr Marc Hen-

dricks, senior economist at Bar-ings economics unit, says he

expects the Federal Reserve to take a cautious view and wait

for more news on the economy, although he suggests the US Treasury is pushing for a rate

Mr Neil MacKinnon, economist at Nomura Research Insti-tute, believes the Fed will cut

US ECONOMIC news left financial markets in something of a dilemma last Friday, as economists tried to decide the impli-cations of US employment data for January.

Attention focused on the rise in non-farm payrolls. This was the first important US economic figure of the New Year, and was looked at to give guidance on whether there will be a sharp fall in US growth this

The high level of stock building in the fourth quarter GNP figure led to speculation that-growth will fall, and could even be the herald of a recession.

Non-farm employment rose 311,000 in December, and was expected to fall back sharply, but the figure of 107,000 in January was still a surprise.

After some initial doubt the

£ IN NEW YORK Previous Class

1.7690-1.7700 0.24-0.28pm 0.94-0.92pm 3.60-3.52pm STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

74.2 95.0 79.8 140.2 100.4 93.6 149.0 177.8 137.8 47.0 239.9 -201 -11.9 -7.2 +10.7 +3.0 +22.9 +25.3 +25.7 -23.1 +79.7

OTHER CURRENCIES 133 53-135.80
7.7970-7.7990
7.7970-7.7990
0.27605-0.27615
35.45-35.55
25.5620-2276.00
2272.00-2282.00
1.4955-1.4975
3.7500-3.7510
2.0155-2.0125
2.0060-2.0120
2.8570-2.9410
3.6725-3.6735

FORWARD RATES

1700年20年477728年7735年2728年5年4日 1815年175年5日11日

AGAINST STERLING 1.7556 1.7527 1.7456 1.7348 1.7150 2.9600 2.9669 2.9375 2.8968 2.8117 10.060 10.059 10.058 10.056 10.050 2.4400 2.4245 2.3941 2.3536 2.791 226.25 225 35 223.41 220.49 214.61

MONEY MARKETS

NEWS ON UK inflation is likely to be encouraging this week, according to City economists. Strong economic growth and pressure in the labour market,

illustrated by disputes involv-ing seamen, hospital staff, and

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.5) 3 mouths US dollars

impact on the dollar was positive, although it was far from clear whether this would be long lived.

Mr Rupert Thompson, US economist, at Morgan Grenfell, said the market is not capable of concentrating on more than one thing at a time, and the obvious result of the employ-ment data was very bullish for US Treasury bonds.

The surge in bond prices increased demand for the dollar. But the other side of the coin points to lower US interest rates, in an attempt to head off a recession, and this in turn may be depressing for the dol-

This could be quite an important week, since it will contain news on US retail sales Thursday and the December US trade

EMS EUROPEAN CURRENCY UNIT RATES

±1,5344 ±1,5404 ±1,0481 ±1,3674 ±1,5012 ±1,6689 ±4,0752 +1.76 +0.51 +0.34 +1.04 +1.02 +1.02 +1.02 +2.49 +1.02 -0.23 -0.40 +0.30 +0.75 +0.28 +0.28

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

† UK and Ireland are quoted to US corrency. Forward previous and discounts apply to the the individual correscy. Belebut rate is for convertible tracks. Financial fram: 35.50-35.60. **EURO-CURRENCY INTEREST RATES**

हिस्से | सिस्से | सिस्से | 6464 764

Long term EurodoBars: two years 8-7% per cent; three years 81-8 per cent; four years 83-81 per cent another. Short term rates are call for US Bollars and Japanese Yex; others, but dars' abole.

EXCHANGE CROSS RATES 2.980 1.697

UK clearing bank base lending rate 9 per cent from February 2

impact of the January sales and

6 months US Dollars

Feb.5 Jan.29

2.440 1.396 1123 0.589 7.760 3.376 44,45 0.819 10.78 0.746 9.819 1 13.17 2962 1221 225.0 92.75 3328 1372 2.209 61.93 0.911 25.53 10. 4.323 0.524 0.801 0.890 67.59 1.359 103.2 3.005 4.587 655.0 1000. 0.664 1.013 18.6I 28.41 H FL Lig 0.299 0.456 0.729 1.113 1.527 0.450 1.605 0.790 2.819 1.341 4.783 101.8 363.2 4527 16.15 1.098 3.917 1.507 5.374 1 3.567

CURRENCY FUTURES POLINO-S (FORESCHI EYCHANGE Yen F Fr. S Fr. H Fl. Lira C S B Fr. 1-min 3-min 6-min 12-min 1.7527 1.7456 1.7348 1.7150 HIM-STERLINE & per C Close High Low 17510 17620 17460 17405 17525 17340 17300 - 17250 17252 17400 17200 LIFFE-STERLING \$25,000 \$ per \$

Yen per 1,000; French Fr. per 10: Lira per 1,000; Belgian Fr. per 100.

Inflation to stay under control the residual part of lower mort-fall to 3.5 p.c. on the more optigage rates.

The monthly rise will be 0.2 p.c., but is expected to remain Forecasts for today's January producer input prices range from 0.6 p.c. to 1.1 p.c., and for

p.c. according to County Nat-West, Greenwell Montagu, and The market West, Greenwell Montagu, and James Capel; 0.3 p.c. on the forecast of Credit Suisse First of the Bank of England quar-Boston; and 0.4 p.c. according terly bulletin, for hints on to Phillips and Drew, and Morinterest rate policy, following last mask's corresponding rise in

Year on year inflation will bank base rates.

The market will also concen last week's surprising rise in

He expects the inflation prospects to remain good, in spite of the UK being at the top of an economic cycle.

p.c.

The January retail prices index will be published Friday, and should benefit from the impact of the January sales and MONEY RATES

NEW YORK Treasury Bills and Bonds 87 3.20-3.30 71-71 3-3 35-37-3.53125 71-103-4.95 71-8 315-325 73-712 37-875 3.71875 10%-11% 6%-64 8%-8% 3.20-3.30 73₂₋₇/₂ 4*5*0 7*5*0 82-84 81.9

WEEKLY CHANGE IN WORLD INTEREST RATES

BANK OF ENGLAND TREASURY BILL TENDER

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ford workers, have not yet fed through to the underlying figures, according to Mr Stephen Hannah, economist at County

LONDON MONEY RATES

One Month One Year Feb.5 725 720 7,60-7.55 Treasury Bults (sell); our-mouth B2, per case; three stands S2, per sent; Bank Bdis, Land); one-mouth B3, per test; three mouths B3 per cent; Treasury Bible: Average leader rate of discount B.6618 ps. EEGO Flood Rate Stephon East Series and S2, 1988, Scheme 1: 10.11 ps., Schemes B & Nr. 10.22 ps., Beterente tane for period January 17, 1988 to Barrier 27, 1988, Scheme Nr. 8,973 ps. Local Authority and Finance Houses seven day; online, others stem days little Finance Houses seven day; online, others stem days native 3-3-2 per cent, Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one mouth 7-2 per cent; on-three should 84 per cent; three-lite mouth 8-2 per cent; days match 8-2 per cent; days and per sell contributed to the sell of the sel in year on year Japanese imports, and a fail in the Japanese trade surplus to \$0.8bn, from \$4.3bn at the same time

Mr Geoffrey Dennis, interna-tional economist, at James Capel, argues that an improve ment in the US trade deficit during the year will not be good enough to prevent the dollar

The Federal Open Market its discount rate, but not until \$12.4bn, while Morgan Gren-committee meets Tuesday, and later in the year. \$12.4bn, while Morgan Gren-fell, and Baring Brothers fore-vill be able to decide whether Like many economists Mr cast \$12bn. The November defiweakening.
Mr Patrick Foley, deputy
chief economic adviser at
Lloyds Bank agrees, and says
the dollar needs to fall further
if the US is to achieve eventual cit was \$13.2bn. Mr MacKinzon points out that equally interesting news will be provided by the Japanese January trade figures, also likely to be published Friday. He sugcurrent account balance, or even a manageable deficit. gests there may be a 42 p.c. rise

DEUTSCHE MARK (E DM125,000 S per DM

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recent US economic news has
recent US economic news has
Nomura, and James Capel are
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NATIONAL AND

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Italy (94) Japan (457) .. Malaysia (36) Mexico (14) ...

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US Dollar Index

95.23 86.96 111.39

108.70

114.74 110.95

78.77 69.71 87.18 109.86 65.58 147.98

97.44 67.35

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Day's Change

+0.0 -0.1 +1.5 +0.0 +1.5 +0.5 -1.4 -0.5 -2.1 +0.7 -1.0 +0.7 +0.7 +0.6 +0.1 -1.0 +0.1 -1.0 +0.1

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83.22 121.24 106.05 86.88 68.68 76.26 105.53 97.38 98.17 85.36

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SECTION III

FINANCIAL TIMES

SURVEY



On an African latitude, closely linked to Britain while part of Portugal Madeira has ambitions of becoming Europe's

latest financial centre. An industrial free zone and plans for offshore financial services are part of an effort to depend less on tourism and agriculture, reports David White

In Europe but out of Africa

THE NAME Madeira has a special place in our vocabulary. Because of a series of historical accidents the island, the main one of a small group on roughly the same latitude as Casablanca, is more closely linked with Britain than with any other country except Portugal, of which it is part.

Much like the wine which made it a household name, and made it a household name, and which has never regained its one-time popularity, Madeira conjures up a slightly passe image: languid, inxuriant, genteel. Today's visitors — not, some old Anglo-Madeirans say with regret, quite the same sort of people as there used to be — will find enough that corresponds with the image: the flower-scented tranquillity, the equable year-round climate, the old-fashioned English formality old-fashioned English formality of Reid's Hotel or the Savoy in the balmy capital, Funchal.

Even the astonishing land-scape of Madeira island, formed by volcanic action, erosion and the work of human hands that irrigation channels on the sides of precipitous ravines, appears to have been custom-made for romantic etchings:

But a population of 270,000 cannot live off Winston-Churchill-came-here nostalgia, and

cannot afford to rely totally on a business as fickle as tourism. Two years inside the European Community, where it belongs on essentially the same basis as the rest of Portugal, basis as the rest of Portugal, have brought in more funds, much needed for roads and other infrastructure, but have also awakened Madeira to the vulnerability of its agriculture-based productive economy. In eight years the protection provided for farmers in Portugal's transitional entry terms will transitional entry terms will

This is not only one of the farthest-flung parts of the EC, but also, as air passengers arriving for the first time at Madeira's airport become imme-diately and disconcertingly aware, a mountainous region. Almost 1,000 kilometres south-west of Lisbon, the islands (only two of which are inhabited, Madeira itself and the smaller, flatter and drier Porto Santo) are closer to Africa than to the continent of Europe. The nearest place is the Canaries, a good 400 kilometres

In contrast to the Canaries which have stayed outside the ambit of the EC customs union and the common agricultural policy, it was decided to bring the less-developed Madeira islands fully inside. The island



Funchal flowers: the importance of comm

MADEIRA

obtain the most they could from membership. The only special exceptions were lower rates for value-added-tax and tax exemption on transport connections with the Portuguese main-

At the time of entry, Madeira was completing the first 10 years of making its own decisions. Portugal's 1974 revolution can be said to have made. less impact on the islands than on the mainland, in terms of the degree to which it upset the economic structure, but with it did bring for the first time a

authorities were anxious to significant measure of home

Like the Azores, the islands were given their own elected assembly and regional govern-ment, with powers to spend their tax revenue as they wanted. The interim period has seen big changes in some basic conditions such as health and literacy standards. Economic growth has been sustained by public investment. The remotest settlements now have elec-tricity and schools. The gap in per capita income and living standards between the islands and the mainland has been narrowed. But, in the words of Mr gone conclusion.

Alberto Joao Jardim, the regional President, "the level of development is another thing". Mr Jardim, who has held the post since 1978, has done much to make Madeira's presence felt. Politically, he has achieved this by making a nuisance of himself in Lisbon in order to obtain benefits for the islands even when, as is currently the case, the national government is run by his own centrist political formation, the Social Democrat Party (PSD). By so doing, he has established a formidable position. His re-election this

autumn is considered a fore-

Little change is expected in the present political balance, in which the PSD holds 40 of the 50 seats in the Madeira assembly. The socialist party took the lead in Funchal at one stage, but then lost it. Opposition leaders, who complain that the regional parliament is left with little role to play, are in a frustrating situation.

But apart from this high

political profile, Madeira has more concrete plans for putting itself on the map – a long-cherished project for an industrial free zone and ambitions for a wide range of offshore services. An island that once was offered

CONTENTS

Free trade zone and centre: Credibility test Alberto Joso Jardim, presid

A way of getting things done Rocky road to regional au Anglo-Madelrans

security for a British loan (during the conflict between Portuguese constitutionalists and absolutists a century and a half ago) has now set its sights on becoming Europe's latest

financial centre. Both schemes face handicaps. The free zone, located near the old whaling village of Canical at the east end of Madeira island, has been on the drawing board for eight years, and a majority private-sector com-pany was set up to run it over three years ago. But Madeira has no raw materials to offer, transport is expensive, and the main island currently has only a small airport, although there is a \$100m-plus plan to extend it. The bigger, Nato-supported airport on Porto Santo is sepa-

rated by 40 kilometres of sea.
For the offshore centre, applications have been received from several banks, headed by leading Portuguese private and state-owned institutions. But the necessary confidence and reputation cannot be created overnight, and after the recent stock market crisis this may be a difficult moment to convince international bankers of the

need for a new centre.

But the argument of Mr Jardim and his team is difficult to refute. On a quite densely-populated archipelago, with no natural resources except for the famous climate, with a terrain that allows only a third of the land to be used, what else can be done except develop services

and commerce? The islands import four-fifths of everything they consume. Their exports (principally to continental Portugal) cover 30 per cent or less of their imports. A debt of over \$400m, roughly equivalent to their annual product, has been accumulated and in the continuation of the co mulated, and is still awaiting a solution between the regional and national authorities, with the former blaming the latter's predecessors for letting this situation arise.

The economy has three roughly balanced sources of earnings: tourism, exports (principally bananas, embroidery and wine, in that order), and islanders who have emigrated. There are about Impacted. grated. There are about 1m Madeirans in other countries, especially Venezuela and South Africa, where the Madeiran population is larger than on the islands themselves. Although emigration has virtually stopped, remittances continue at a high rate, and the authorimoney from these overseas nities into investment.

All three elements are somewhat precarious. Remittances

stay up because crises in the host countries have so far come at different times. Exports depend heavily on individual markets. Bananas, the main source of revenue after tourism, go to the Portuguese main-land, where they are protected under the 10-year transition arrangement, but are expensive to produce and not competitive. Embroidery, a cottage industry which accounts for around 45 per cent of non-banana exports and employs as many as 30,000 women, depends these days mainly on an Italian market. Wine, a lot of which is shipped in bulk, relies on the British who treat it as a drink and the

French who put it in sauces.
Tourism, predominantly dependent on a British and West German clientele, is also vulnerable, although Madeira's vuinerable, although Madeira's hotels — mostly in the four-star and five-star category — currently enjoy Portugal's highest occupancy rates. On the other hand, there is still potential for tourist development, including Porto Santo, which provides a contrast to almost-beachless. contrast to almost-beachless Madeira but which still has to overcome periodic shortages of water and other essentials.

The large fishing area also lends itself to greater exploitation, requiring more freezer and

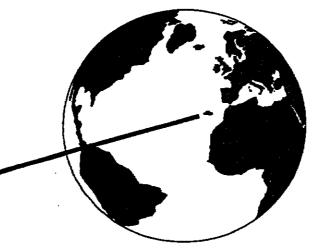
repair facilities.
Local and expatriate Madeiran enterprise have shown signs of new life in recent years. Offsetting the handicap of isolation, island employers have the advantage that wages are at the bottom of the European scale, generally rather less than the Portuguese average. Basic pay for a waiter, for instance, is about \$330 a

month.

EC entry has made its impact in bringing in aid, especially for roads and energy. Portugal earmarks for Madeira and the Azores together 13 per cent of the structural funds received from the EC. Projects so far involve about \$33m of Community backing, and the European Investment Bank has lent some \$30m, according to Madeira officials. But the problem is finding local funds to match EC finding local funds to match EC money on 50/50 projects, and the regional authorities are now pressing for a higher proportion of support from Brussels. Mr Jardim would like to see the whole regional aid system changed and tailor-made arrangements set up for each

region.
The EC is a challenge for Madeira, but Madeira is also a challenge for the EC" has become something of a catch-phrase in Mr Jardim's team.

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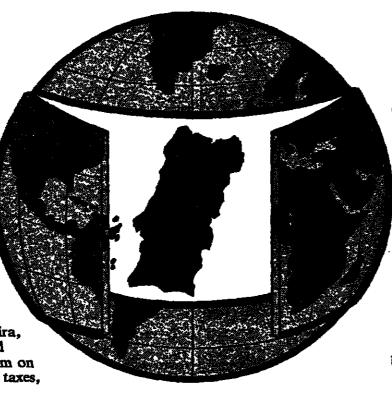
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A free trade zone and offshore centre could help diversification

Potential new sources of income test credibility

"OFFSHORE" HAS become something of a buzz word among regional government officials and representatives on Madeira. The island is in the throes of setting up an offshore financial centre and creating a free trade zone in a bid to create new sources of income.

As one official put it: The idea is to break the vicious circles in our economy and the reliance upon tourism. We want to put the island on the map as an offshore centre."

The island government has for a long time been mindful of the fact that the heavy empha-sis on tourism makes it a hosisge to fortune, although there is no immediate sign of business in this sector declining. Far from it: Madeira is planning significant investments in the ucrative tourist sector.

It has, however, determined to diversify the economy, not only away from tourism but its traditional products such as wine, wickerwork and embroi-dery, in order to reduce the per-ceived vulnerability. Officials would also like to see the relatively weak manufacturing sec-

tively weak manufacturing sec-tor strengthened.

Two of the principal planks of this policy are the offshore financial project and the free zone which is being set up with full port facilities on 120 hect-ares of land at Canical, a vil-lage on the coast, some 8km from the island's airport and 30km from Funchal, the capital. Doubtless, these ventures are being eyed with great interest by the many Madeirans who have prospered in South Africa and Venezuela.

and Venezuela.

The work on the projects is being managed and administered by the Madeira Development Company. Based in Funchal, the company is a private concern in which the government has a 25 per cent stake. It plans to promote the two projects in Europe, Brazil and the Far East in the coming months.

Officials both in the govern-Officials both in the govern-ment and at the development company are confident that the ventures, which some see as a test of the island's credibility, will provide Madeira with new and potentially significant sources of income and improve

job opportunities. ne local businessmen, how ever, feel that the schemes face an uphill struggle. Offshore banking, for example, is a highly competitive area.

Work on the infrastructure at the free zone into which goods can be imported and exported duty-free is progressing well, according to officials. The first phase covers 40 hectares.

receive automatically in the

• total exemption from cus-tom duties on goods and raw materials imported into the

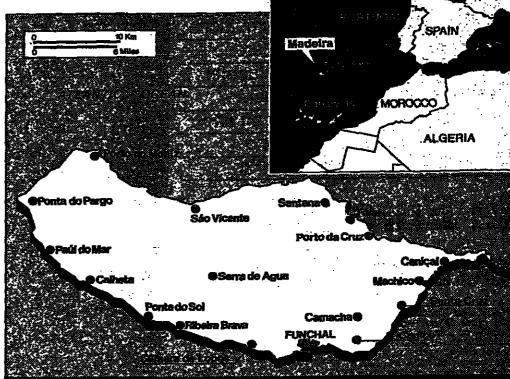
zone;

exemption of quantitative restrictions (quotas) on the export of goods produced in the zone to EC countries;

o total exemption from direct taxes, namely those on profits and capital gains, for 25 years;

no exchange controls on importation and expatriation of capital and dividends;

pants because of transport



 goods produced in the zone, when raw materials or components originate in the EC, are free of customs duty and val-

One of the big UK clearing banks and three US banks are also sald to have expressed an interest

Mr Francisco da Costa, chairman of the Madeira Develop-ment Company, says of the free zone: "Things are going quite well and a lot of interest is being shown by companies in several countries."

He adds that negotiations with a Brazilian company which is seeking to set up a joint timber products venture with a local group are well sdvanced. This venture, which will export to Europe, is due to start operations this year Mr da Costa says that several planned.

other companies, including con-cerns from the UK, Finland,

backers of the venture claim that it offers the most favourable terms in the Euro-pean Community and are con-vinced that it will be more than a match for other such projects.

Mr da Costa denies that the island's distance from West European markets may act as deterrent to would-be partici-

tions network, the fact that Madeira is part of the EC, the availability of skilled labour and, of course, the quality of

The zone's port will be one of the most expensive items and it is planned to develop it in three stages. The first will involve £500,000 of public and private money on a 70-metre dock with a four-metre draught.

The second stage will extend the dock to 140 metres and provide a seven-metre draught at a cost of around £800,000 and the third, which is under con-sideration, will further increase the draught to 10 metres.

Development company officials point out that the new port will be operated by only 10 to 12 stevedores, which helps to keep down transport costs. The port at Funchsl, however, employs well over 100 stevedores.

As for offshore finance, Mr da Costa says that this venture to which it is hoped that banks insurance companies and investment managers will be attracted, is moving ahead as

He says that six banks have confirmed their intentions to go Portugal and West Germany, offshore in Madeira. These have shown strong interest in include Banco Spirito Santo, setting up operations in the one of the Portuguese state banks, Banco Comerciale Portu-guese, the largest Portuguese private bank, Banc Borges e Irmao of Portugal and Banif, a private Madeiran bank which used to be a mutual savings bank

bank.
One of the big UK clearing banks and three US banks have also expressed interest in the Madeiran project, according to Mr da Costa

costs.

Among the incentives being offered to financial institutions other incentives, he points to the political stability of the

taxes. Neither are there any exchange controls, stamp duty or value-added taxes, and in addition the island says that it is offering low initial and

Mr da Costa again emphasises the island's political stability and says the operation will be well but not over-regulated with strong participation by the central bank. relatively late to the offshore arena. It is typical of island

economies to try to diversify in this way and the Madeiran project faces strong and established competition.

The island is also launching its venture at a time when the recent stock market crash has led to more difficult conditions in interestical financial.

in international financial mar-kets as a result of a slowdown

in banking activity.

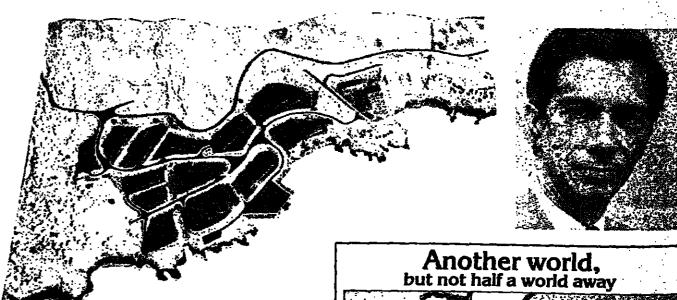
In addition, the island's remoteness may tell against it, as might the fact that Portugal's domestic banking system has only recently begun to be modernised. The latter might give rise to some reservations about the Portuguese authorities' ability to manage such a system in a highly con

But others close to the scheme point out that it proto the centres on the Chaine Islands and Gibraltar.

They admit that progress may be slow but maintain that Madeira is competitive on costs and will appeal to the Portuguese in South Africa and Venezule if the Madeiran government is to break the vicious circles in

its economy, then the two ven-tures certainly present a path, not so much to a major restruct-uring, but at least to important diversifications.

Bob Vincent



The free zone is being set up on 120 hectares of land at Canical, a village on the coast, some 8km from the island's airport and 30km from Fanchal. Above right, Mr Francisco da Costa, chairman of the Madeka Developme

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MADEIRA 3

President Jardim works hard to keep Madeira remembered

Way of getting things done

A CAGED Brazilian macaw stands guard outside the Quinta Vigia, a former royal residence set in a commanding site above the seafront of Funchal. Part of the gardens at the back have been given over to the casino, and the building itself to the President of Madeira's regional government - a position which Mr Alberto Juso Jardim appears to hold almost as the former guests held theirs, by

In the waiting-room a sign stuck on one door reads, in English: Why argue? Just let

me have my own way."

Mr Jardim, who has held the post for 10 of the 12 years it has existed, has done his best to exercise this principle and

to exercise this principle and has established a reputation in Lisbon as a gadfly, exasperating even members of his own party, the centrist PSD (Social Democrat Party), at the same time as steadily reinforcing his status on the island.

"It's very difficult to be understood by Lisbon," says Mr Jardin, who at 44 is already coming to the end of his third term of office. In the elections to the regional assembly in October, nobody is taking bets against his winning a fourth term. term.

Political opponents complain

about the degree to which the whole concept of autonomous government on the island has become identified with this one figure and say his badgering approach has provoked "distrust" in the Portuguese capital. But, as Mr Jardim continues to demand and obtain better treatment and more funds for public investment projects in Madeira, they see no way of dislodging him. The PSD in Madeira is a rare example in a western democratic system of a party which is still growing in strength after 12 years in power.

He is determined that not only Lisbon, but Brussels too. should not forget about Madeira. While he sees EC entry as positive for the support it gives to agriculture, he argues that the system of regional aid falls to take specific needs and deficiencies of cific needs and deficiencies of outlying regions into account: for instance the need for com-munity protection in order to develop production of sub-trop-

ical fruit and flowers.
It would be better for the EC to study integrated develop-ment programmes, region by region," he says, rather than applying general rules. Madeira cannot be lumped together with continental regions such as Brittany, on the periphery, but



erto Joao Jardim: a reputation in Lisbon as a gadfly

seized its opportunity in the

"talked a lot".
Without concrete results, he

in areas such as health care, family planning, education, and electrification. Whereas there was only one doctor in the whole of the north of the island 10 years ago, he says, there are now health centres in almost account rillings. Birth control her

come down from 40 per cent to 16 or 17 per cent, and he claims Madeira is "the only place in Portugal" where all houses

politics after the 1974 revolu-tion did not produce a serious

receive electricity.

of a rich country". Mr Jardim is a product of that classic nursery for the Portuguese political establishment, the law faculty of Coimbra University. But he says he was "a wery bad pupil" and suggests while main and politicians "that a more important training "talked a left". that a more important training ground was the army, where he spent his national service spent his national service says, "it would have been very attached to "psychological hard to prove that democracy action".

With no background in student politics, he founded what is now the Madeira PSD "with three or four friends" immediately planning, education, and ately after Portugal's 1974 revolution. A platform was created when the Bishop of Funchal called him in to edit the daily newspaper Jornal da Madeira, which belonged and still belongs to the diocese. In the words of a local his-

tory textbook now taught in Madeira schools, he was chosen to head "the anti-communist democratic resistance". The rival Diario de Noticias (curiously enough, English-owned and edited at the time by a priest) was regarded by Mr Jardim as being under communist control. "It was a daily fight", be says.

Mr Jardim says his party separatist movement in

dent being integrated [with Portugal] but with a large degree of autonomy," says Mr Jardim, freely admitting that this outlook makes getting on with the central government rather difficult.

The fact that the central government is run these days by the same PSD party, under Prime Minister Mr Anibal Cavaco Silva, has not put an end to the friction. Mr Jardim argues that defending Madeira's interests comes before party solidarity.

"If I have a different style

from the Prime Minister," he says defiantly, "I won't change it to be agreeable to him."

He showed this style clearly in the elections two years ago for president of the Republic, when the PSD did not put forward a candidate of its own. Mr Jardim's name had figured among a short list of PSD possi-bles. Mr Cavaco Silva threw his weight behind the Christian Democrat candidate, Mr Diogo Freitas do Amaral. Mr Jardim broke ranks and backed the Socialist Mr Mario Soares, who

The party in Madeira favours more decentralisation, "not only here but on the mainland," and supports more "social" policies than those pursued by the Cavaco Silva government. The clearest – and for the

central government most embarrassing - difference, however, is in foreign policy. The regional authorities have no competence in this area, but Mr Jardim has a special interest because of Madeira's far-flung emigrant population, one of the main centres being South

This has become a sore point between the Madeira President and Lisbon. Mr Jardim says he is opposed to apartheid but also to "Marxist totalitarian governments" and accuses the Lisbon government of being too favourable towards the former Portuguese possessions of Angola and Mozambique. He does not want to see South Africa following the same path as those countries.

every village. Birth control has stopped the huge families which in the past offered no choice but large-scale emigra-tion. The illiteracy rate has We must use our Madeira community and the Portuguese community in general," he says, "to press the South African government for democratic reform and to avoid radicalism About half the estimated

600,000 Portuguese in South Unlike the Azores, the unsettling period of Portuguese Africa are from Madeira. Mr Jardim clearly sees them as

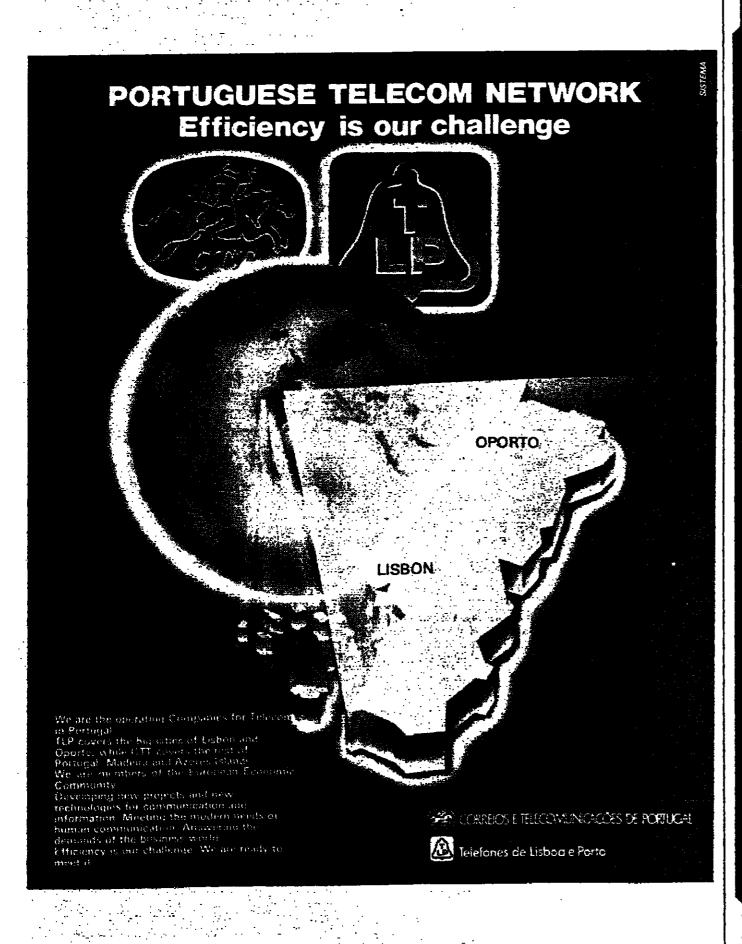
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"TO ACCEPT that an island in the Atlantic can participate on an equal basis is very hard in a colonial culture of 400 years."

That is how Mr Alberto Joso Jardim, president of Madeira's regional government, explains the background to his difficulties in dealing with Lis-

Although the archipelago was and is regarded as part of Portugal, rather than a colony or "overseas province". its history and the ups and downs of its economy have been bound up with the experience of international

Not only was it in a half-way position, more than 500 sea-miles from the nation's capital and guarding the old maritime routes to Brazil, southern Africa and the Far East, but it had to compete with the later Portuguese possessions and went through the same kind of boom-and-bust cycles that they did.

Sugar, for instance, provided the first bonanza, but Madeira was soon supplanted by Portuguese and Spanish territories in the New World. The change brought the first wave of emi-gration from Madeira. The industry has since had its moments of resur-gence but is now once more in decline. Wine, which provided the next success story, became an English favourite during the Napoleonic wars when

other sources in France and the Ibe-

The islands were the first to be claimed in the saga of Portuguese discovery

Rocky road to regional autonomy

rian Peninsula were cut off. But then came epidemics of oldium and phylloxera, and competition from areas like Tarragona in Spain.

At the turn of the last century Britain was a less important client than Russia, Germany or France. Today, a large part is still shipped in bulk.

The banana business also suffered competition from other Portuguese territories, recovered from the doldent in 1976, but has a rather dubious future once it loses its protected market in mainland Portugal at the end of the initial period of EC membership. Madeira has also been involved with

other empires. The development of tourism originated in the use of Funchal as a resting place for the British on their way to and from the colonies. and for that matter for Germans, since it lies half way between Hamburg and Togo.

me historians maintain that the archipelago came very close to being a colony early last century - not of Portugal but of Britain, which twice occupied Madeira militarily.

The islands were the first territory claimed in the saga of Portuguese dis-coveries. In 1418-19, Joao Goncalves, known as Zarco or "cross-eyed", landed first at Porto Santo, then at Madeira. There is evidence that the islands were known about before then, but at the time of Zarco's arriva they were still uninhabited and unclaimed. Settlement began soon afterwards, 20 years before the

The thick forest that gave the main island its name - Madeira means "wood" - was burnt down to clear the land for farming. The fire is said to have lasted seven years. The first exports were timber, wax, honey – and sugar, which was introduced by 1433. Sixty years later there were 80 sugar factories.
Lisbon became a major trading cen-

tre for the commodity on the strength of Madeira production. But by the time another 60 years had passed, Brazil had already taken over

Prince Henry the Navigator is given credit for sending from Crete the first malvasia or malmacy grapevines, the most famous Madeira variety.

Madeira wine started being exported around 1460, which makes its mention in Henry IV Part 1 a slight anachronism on Shakespears's part

anachronism on Shakespeare's part. In the following century, sugar-cane

made way for vineyards.

In the interim, Bartolomeu Perestrelo, a Lombard by origin, captain of Porto Santo, had the idea of populating this second largest island with rabbits. He had better luck with history when his daughter, Isabel Moniz, married a Genoese called Christopher Columbus who, some time before his transatlantic exploits, lived on the island and pored over the charts and reports of Portuguese navigators.
Geographical isolation made the

townships of the two islands periodic targets for marauding pirates from the Barbary Coast, France and

The British troops who occupied Madeira between July 1801 and Janu-

rather than invaders. But they were back again in 1807, when a fleet of 24 vessels under Admiral Hood arrived on Christmas Eve, together with two infantry regiments and two artillery

The Union Jack was flown everywhere, and the British forces appeared set to stay. They eventually left in October 1814.

Unlike the Azores, however, Madeira has had little prominence in the central events of Portuguese his-tory. It made the news with a banking crisis in 1929, and again in 1931 when a revolt against the Salazar regime went on for several weeks.

At no stage until 1976 did the islanders obtain any real devolution of powers. Decentralisation measures were limited, and such administrative reforms as there were caused prob-lems, and in some cases violence.

Only since the new constitution approved in the wake of Portugal's 1974 revolution has Madeira been in a

position to assert itself, not as an independent entity (which, as Mr Jardim says, would mean becoming quite literally a banana republic) but having its own responsibilities and at least a share in the decisions that affect it.

The constitution recognises the "historic aspirations for autonomy of the island populations" in both Madeira and the Azores.

The central Lisbon government retains control over monetary and credit policy, foreign affairs, defence (in which the Nato standby airport facility on Porto Santo gives the archi-pelago a special role) and justice.

pelago a special role) and justice.
But the region has its own legislative powers in spheres of specific interest not covered by these headings. It can table legislation and amendments in the national parilament, it exercises its own executive power, and it spends its own revenue.

All tax raised goes into the regional budget, boosted by special support from Lisbon. The regional authorities are also entitled to take part in certain spheres of national policymaking and in negotiations on treaties and international agreements which affect the islands.

It is not mentioned in the statute, but the region can also try to exercise its own leverage on Brussels.

David White

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Anglo-Madeirans

Few doubts about their national identity

ON THE ground floor of the offices adjoining the cigarette factory, family portraits line the wall: John Lescock, who first came to Madeira in 1741, William Lescock, Thomas Slapp Leacock, and the rest of the

The surname is one of the most visible and prominent of Funchal. The question of how many Leacocks there are today on the island makes the current Mr William Leacock stop and

"One," he replies eventually. His languorous voice and trimmed grey beard give him an air of phlegmatic Englishness carried almost to the point of

caricature. The legacy of his emigrant ancestors – "I think they were in the wine trade" – is now concentrated in Leacock and Son, in which he holds 99 per cent and his Portuguese wife the remaining 1 per cent, and a holding company called Edmund Leacock.

Since selling out his tobacco interests, he is hard put to decide which is the group's central activity, but the bulk of the jobs it provides - a total of about 6,000 in the island - are in the embroidery and tapestry business, which is almost entirely geared to export. He is now weighing possible moves in the financial sector, where he

(WPE)

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Like the members of other old Anglo-Madeiran merchant families, Mr Leacock has no doubts about his national identity.

"I'm English. I have a British

passport. All my family have always been English."
At home, the family speaks both Portuguese and English, but Mr Leacock has kept up with tradition by ensuring that both his daughters go to private school in the UK. "It never passed my mind not to send my children to England," he says. At the brewery, Empresa de Cervejas da Madeira, Mr Anthony Miles, a third-genera-

the English link, which means not only holding British pass-ports but also continuing to be treated as foreign investors. British-origin families have remained British in a way their counterparts in the sherry trade, for instance, have not.

"If we had been in Spain we would have become Spanish, and in Brazil we would have

been Brazilian a long time ago. Like Mr Leacock, Mr Miles is the only family member to have been left to look after the Madeira business. His great-grandfather, Henry Price Miles, came with his mother from Aberystwyth in 1852 at the age of two, in "rather dubious cir-cumstances," and later joined a firm of wine shippers, Ruther-ford and Brown, as an office boy. When the Madeira vines were hit by phylloxera, the Butherfords went back to Lon-don and HP Miles became the Madeira connection. There is still a "Rutherford and Miles"

still a "kutherford and Miles"
Madeira label.
In 1872 he branched out and
created the island's first beer
company, then called the Atlantic Brewery, which for many
years sold pale ale, stout and
porter under English names to
the island population.
The company later amalgam-

The company later amalgam-ated with a rival company and took over the brewery at Ponta Delgada in the Azores. Ownership was shared with two Portuguese families and the Lea-cocks. Today it is shared with cocks. Today it is shared with the State. The Central de Cervejas group of Lisbon, which bought a 30 per cent stake, fell into the net of the nationalisation programme of 1975. But takeover applied only to the Portuguese shareholdings and not to the "foreign" interests. The same applied to the tobacco company, then Leacock-controlled.

"We didn't have any strikes"

"We didn't have any strikes,"
says Mr Leacock of the troubled
post-revolution period. By contrast, the sugar factory of Wiliiam Hinton and Sons was occuliam Hinton and Sons was occu-pied. But the company held on, and was making sugar and alco-hol until four years ago. "No way would we leave," says Mr Jimmy Welsh, the man who has inherited the Hinton family

William Hinton was an Oxford student who went to Madeira for health reasons in 1838. His son, who had no children of his own, was Mr Welsh's step-grandfather. The Hintons helped re-launch a flag-ging sugar industry and, according to Mr Welsh, can be given credit for introducing football to the island (where it is passionately followed) and thence to Portugal. As in other Anglo-Madeiran businesses, the wine side was transferred to what is now the Madeira Wine Company.

Mr Weish is an exception in being a Portuguese national – his card gives his first names as Henrique Jaime – but he says he is "very pro-British" and will always "try and sell British goods and so on". The company imports everything from chew ing-gum to insecticide, still packs sugar, and has further development plans for ware-housing, a cash-and-carry centre, and a tourism project on Poeto Santo island.

The biggest of Madeira's English families are the Blandys. Their flagship is Reid's, most expensive of Funchal's luxury hotels, where the man-agement is Swiss, rates are quoted in foreign currency only, suit and tie are de riqueur in the bar and restaurant in the evening, and in the winter season it is suggested that guests might prefer to wear dinner

Blandy Brothers and Company also includes amongst its activities a shipping agency, a travel agency, a ship repair yard, a light engineering plant and the daily newspaper Diarlo de Noticias, perhaps the most extraordinary of all the British interests on the island, espe-cially since it remained under Blandy ownership - although subject to political pressures -throughout the fraught period following the overthrow of the Portuguese dictatorship in

"Nobody tried to take it away from us," says Mr Adam Blandy, former chairman of the family company. At the offices by the harbourfront, the por-traits on the wall show 10 Blandys, starting with the some-what obscure John Blandy of Berkshire, believed to have been a quartermaster with the British garrison during the Napoleonic Wars and to have returned with the troops as a civilian in 1811, when he set up his wine brainess

There used to be a family bank, Blandy Brothers (Ban-queiros) Limitada, but it was sold in the 1960s.

Mr Adam Blandy's is the sixth generation in Madeira His

cousin Mr Richard Blandy, cur-rent chairman, is also the British consul. Another cousin and an uncle make up the branches of the family on the island. For all their pervasive pres-ence, the English families are only a handful. Their busi-

nesses are complementary. They do not tread on each other's toes.
Since a William Bolton set up
as a merchant in the late 17th
century, profiting from a loophole in the requirement
whereby goods bound from
Europe for the American colonies had to go by British vessels from British ports, the
British have played a major British have played a major role in Madeira's economy, building up international com-merce, in which local Madeira families had little involvement.

They developed not only wine and handicraft exports and tourism but also island busises from beer and tobacco to electric light. The island's first piped water system was laid down by Blandys.

Once there was a British chub, a country club, a reading room. But there are no longer enough British families to keep them going. The Anglo-Madeirans are not numerous enough to form a close-knit society like their counterparts in port wine. Even including retired people living in Madeira, the English contingent totals only about 200. There is an "English Chemist" in English Chemist

in Funchal but merely in name. What is perhaps the quaintest British connection can be found in a discreet Funchal shop selling hand-made embroideries and tapestry. It displays no sign outside but is called Figueira and Phelps. The proprietor's wife, Mrs Greta Phelps Figueira, worked out she was the great-great-niece of one of the island's legendary figures, Miss Elizabeth Phelps. It was Miss Phelps who in about 1854 or 1856 started promoting Madeira embroidery, done in the English style and for an English market. Madeira fingers have been busy at it ever since. have been busy at it ever since.

David White



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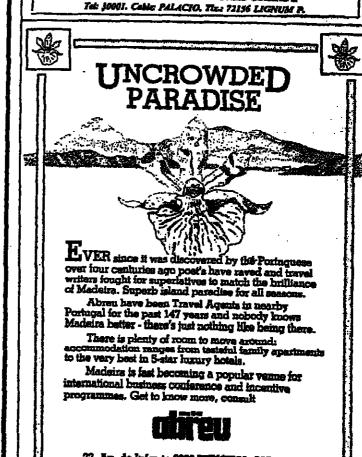
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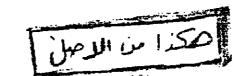
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MADEIRA 5

Bob Vincent drinks in the history of Madeira wine production

Upmarket move to bottles

was accused of selling his soul to the devil for a capon's leg and a cup of Madeira wine.

To many connoisseurs of one of Madeira's major exports no doubt Falstaff's action seems perfectly understandable, even though the wine Falstaff would have drunk long and well dif-fers from today's product.

One expert on wines, for example, has it that tasting some of the vintage Madeira wines is "not only a pleasure but an exciting and memorable experience."

experience."
The wine that brings such adjectives tripping to the tongue has virtually as long a history as the island itself. Following the discovery of Madeira in 1418, Malvasia vines and sugar cane were introduced to the island by Infarre de Neuricus.

Infante de Henrique.

His aim was to win for Portugal the trade in sugar and sweet wines which had been the province of the Genoese and Venetians. The vines - other varieties were introduced later - fed on the rich volcanic soils on the terraced steps called polos and the wines produced from them built up a particularly strong reputation in England and the American colonies.

American colonies.

During the 18th and early 19th century shipments to England and America, where Madeira parties had become fashionable, were heavy but in the mid to late 19th century the vines were twice badly affected by disease. The price of the by disease. The price of the wines rose sharply, hitting the bey British and American mar-

According to one wine expert it was not until 1753 that a bucket of brandy distilled from surplus grapes was added to each pipe of shipping wine to give Madeira its present charac-

A special process has been developed to make the wine. The grape julce or mosto after fermenting and being fortified is put into an estufa to go through a process called essaya-

This process, peculiar to Madeira wine, is basically to

simulate what happened to the wine in the days when it was taken at a stately pace around the tropics in sailing ships.

The heat of the tropics and the rolling of the ship matured the wine more guidely. May the wine more quickly: today that process is emulated by before.

The largest amount - around ting bottled wines against bulk chamber for several months. It is then given around 18 months. Community countries, notably "One of the sims is to increase



Roll out the barrel, but not too soon; the aim is to build up stocks of reserve wines

The Institute of Madeira Wine, which was created seven years ago, is seeking to enhance that reputation in order to maintain the wine's high standing in the country's export league.

> The heat and the rolling of the ship matured the wine

move upmarket and in the promotion of the more profitable reserve wines. To that end the institute has its own laboratory and a council of tasters.

The project to improve the vineyards will be spread over about over five years. This year 40 hectares are due to be converted under the scheme.

Dr Constantino Palma, the institute, says Dr Palma, institute's president, says that about 9m litres of wine are protion of the wines. Before the duced a year, about half of advent of the institute little which is suitable for Madeira promotion was undertaken and wines. Of this most is exported, that on an individual basis,
Last year exports were estimated at 3.5m litres, against his own clients and markets.
Just over 3.6m litres the year
before.
The institute is also promo-

to recover, blended into lots, England, France, West Germany and rested again before being and Belgium. Another 10 per-blended for shipment. largely to the US, Canada and

Dr Palma says that the insti-tute would like to see imports increased but obviously produc-tion is limited by the amount of land available - around 1,600 hectares - so it has to be partic-ularly careful to ensure that demand does not outstrip sup-

The institute, a government body, assures the origin and quality of the wine. These are key elements in its drive to move approach to improve the vineyards. In addition, EC cash will help to expand laboratory facilities to carry out research for the industry.

the amount of bottled exports and to reduce the amount being sold in bulk."

He says that the institute is extending subsidised loans to the industry to encourage the houses to keep the wine in the casks longer and so improve the quality of the wine and build up stock of reserve wines. The loans are aimed at helping with cash flow while the wines are stored.

At present about 60-70 per cent of the wine is exported in bulk, with France taking a large

proportion of this. However Dr Palma points out that it will not be possible to change the nature of the French market since the industry there is heavily geared to dealing with wines delivered in bulk. The institute is therefore seeking to build up the market for

bottled wine in other countries.
The UK, for example, now takes bottled wines where once it was principally a market for bulk wine. Dr Palma says that bottled wines are being promoted in West Germany and Portugal, which are viewed as investive markets

is on value-added and on selling reserve wines. "Our main problem will be the competition in foreign markets and to compete successfully we will emphasise Agriculture

Carving out a living

THE HOUSES with terracotta-coloured roofs which cling to the sides of valleys in the mountainous areas of Madeira are both a testimony to the tenacity of the farmers and a striking symbol of the difficulties confronting the island's agri-

culturalists.
These smallholdings have fostered a solid individualism among the owners who tend the neat terraces set against a spectacular backdrop of cascading streams and rugged valleys.

But such idyllic settings, while providing memorable photographs for the tourist, create a problem for farmers and the government which has been striving to make the industry more effi-

Farming is confined to about half the island's total surface area which, in

turn, is divided virtually equally between agriculture and forestry.

Agriculture, in the strict sense, is restricted to below the 700 metre altitude. Smallholdings predominate and about 70 per cent of them are classified as being on a subsistence level.

Farming, however, plays an important part in the island's economy - it employs about 20 per cent of the active population and accounts for around 25 per cent of the gross regional product. Agriculture also makes a significant contribution both directly and indirectly

to the island's exports.

The island is far from self-sufficient and imports meat, cereals, dairy products, sugar and table wines.

Agriculture experts are insistent that the performance of the farming sector must be improved. This will be no easy task, despite the generally favourable climate and good soil which allow a wide variety of crops. However, in its fight to exploit better the island's resources, the European Community has come to its aid.

Madeira is benefiting and will benefit further from EC money for major pro-grammes, ranging from new laboratory facilities to forest projects.

Mr Francisco Vidal, Regional Director

of Agriculture, listed the difficulties he and his department were up against: "There is a large rural population, the farms are very small, wages and productivity are low and there is a lack of machinery." For instance nearly 90 per cent of the island's farms comprise less than 1 hectare and at the last count about half of the farmers could not read or write.

In addition, around 40 per cent of farmers have to work elsewhere to supplement their incomes. For all that, the island's farming is diverse thanks in part to a favourable climate and good quality soil.

The banana crops, which began to gain in importance from the beginning of this century, are cultivated in the south of the island, mainly below the 200-metre level. This crop, the bulk of is one of the most profitable in the region and a mainstay of the local econ-

Sugar cane has declined sharply in importance from the pre-eminence it achieved during Madeira's formative years. A report for the island's Chamber of Commerce and Industry said that it was difficult to see how the growing of sugar cane could be sustained, even if only to supply the brandy, rum and molasses industries which have significant potential.

Vines, cultivated by the first settlers, are grown throughout the whole agri-cultural area and the vineyards are being progressively improved.

The importance of commercial flowers, including arums, orchids and strelitzia, has been increasing boosted by the island's long tradition of intensive "garden" horticulture and a skilled female labour force. The growers have a ready-made market in tourists for their high-quality flowers and potential for significant expansion through trade with the EC.

The forestry sector offers much scope for improved productivity and the government is keen to see it developed for both commercial and environmental rea-

The cultivated forests, which are largely in the hands of the private sector, are dominated by wild pine. In addition, there are eucalyptus, acacias, wal-nut and chesnut trees.

Willows provide the raw material for the island's wicker industry which, along with the other traditional crafts of embroidery and tapestry, is one of

Madeira's principal exports. Cattle rearing is fragmented and largely confined to farms with one or two animals - the latest figures show that there are only around 30 holdings with 10 or more head of cattle and these are traditionally reared for organic fertiliser. The dispersion of the dairy industry and the very high cost of collecting milk has meant that the government has had to subsidise the prod-

Pig rearing, however, has been relatively successful while in poultry and egg production the island has in general been able to meet local demand.

Corn and wheat, however, have to be imported and cereal crops, wheat, bar-ley, rye and maize, which have proved nportant to Porto Santo, are grown mainly as subsistence crops and are being progressively reduced.

It is against this varied and sometimes

difficult background that the island is trying to improve its agriculture and it sees the EC as an important source of funds for its projects.

These schemes include efforts to improve marketing which is sorely needed in some sectors, improvement of the vineyards, boosting agriculture on



Porto Santo and a laboratory to help

advance farming methods.

Two of the biggest and most important are plans to improve the irrigation system which has been built up over the centuries, initially by private enterprise, and the road network to improve distribution and to help in the introduc-tion of much needed machinery.

Mr Vidal says: "We have a plan to guarantee water to all and to improve irrigation generally. The whole island will benefit from this \$2m scheme for which EC approval has been gained." He added that parts of the irrigation system were exceedingly old and a great deal of water was being lost. The farmers need the water during

the dry season, and over the years more than 200 water channels have been constructed extending over 1,000km.

The cost of improving existing roads and providing new ones will be around \$4m, says Mr Vidal. EC money will meet part of the cost. The island also plans to improve the supply of electricity. Great strides have already been made in this direction in spite of the difficult terrain. Mr Vidal added that they also wanted

to improve training for the sector. The aim was to increase the number of students taking agricultural courses and the number of courses being offered. In addition, there were plans to spend money on forestry, including fire con-trols, and on preventing pollution.



MADEIRA 6

Beach-head against masses

which has swept around the world took some time to reach Madeira. And when it did arrive at the island's rocky shores the impact was far less than in many other tourist

The island has retained an image which to a large degree is reflected by the genteel Edwardian calm which pervades the famous Reid's Hotel in Funchal. The hotel was built during the last century by a young Scot William Reid.

William Reid.

This image of Madeira, while reflecting only some of the island's qualities, does indicate how its tourist industry has developed in a way that contrasts sharply with the mass tourism of many areas of Spain. tourism of many areas of Spain

tourism of many areas of Spain and Portugal.

Tourism, which is concentrated in the sheltered south of the island, is a big money earner — the industry at the last count employed more than 5,000 people directly.

In 1986 both the number of species and overnight grows

guests and overnight stays increased to bring total receipts from tourism to nearly Eal5ba, a rise of 11 per cent on the year before. The British and the West Germans topped the league table for visitors from outside Portugal. In Funchal the hotel occupancy rate is well over 70 per cent and the emphasis here is on four and

five star establishments.

Madeira has developed its own particular style of tourism which has been dictated largely by geography and the island's history.

The foundations were laid some 200 years ago. In the 18th century the island was used as a stop-over for British soldiers to acclimatise to the colder climes of the UK after serving in the extreme temperatures of Africa and India.

The island's tourism went on to expand in the era of the cruise ship but the aeroplane, which transformed tourism in so many other countries, took some time to arrive. Initially it was in the shape of the flying boat since there was no airport on Madeira or the nearby island of Porto Santo.

It was not until the 1960s that the islands were opened up to normal air traffic and, even then, air travel was limited by the relatively short runway. An airport was opened on Porto the single runway was opened to traffic in 1964. But both the arrival of and

the delay in the introduction of air travel were to be key fac-tors in the way tourism devel-oped on Madeira. Becognising that it could not take advantage of mass tourism even if it wanted to, Madeira turned this initial limitation to its advan-tage and has set out to create

an up-market image.
Mr Joao Borges, Madeira's regional director of Tourism, explained: "We had time to see The Canaries, for example, were invaded.

Another factor is that Madeira has no beaches — although Porto Santo has a magnificent beach. Mr Borges pointed out that the absence of beaches meant that they would not be able to attract as many young people and young fami-lies as those destinations offering miles of sand and sea. The eventual extension of the

airport runway and the ability of larger jet aircraft to land at Madeira's airport opened the island up to the package tour operators. More than 80 per cent of holidays are now extension. cent of holidays are now organ-ised by tour operators. While this has added very much to the earnings potential of tourism, however, the emphasis has

Madeira is keenly aware that it must not take development to the point where it changes its image dramatically - on the other hand it wants to see tourism evolving. Mr Borges stresses that strict controls on development and the quality of hotels will in themselves define

the quality of the clientele". He added that there were plans for 5,000 more beds over the next three years. At present there are about 12,000 beds available on the island and of these around half are in four or five star hotels.

A major tourist development at Frente de Mar near Funchal, at Frenie de Mar near Funchal, the island's tourist centre, has been proposed which includes projects by Meridien Hotels and two by local groups, Three Towers and Ocean. The island also plans to improve sports facilities, such as sailing and wind-surfing, golf-flat stretches of land are hard to find.

Time-sharing, giving hotels guaranteed occupancies, has also appeared on the scene. The number of such rooms avail-

number of such rooms available, according to the latest fig-ures, was around 300. Again, tourist officials are quick to underline the impor-

"fly-by-night operators" and are introducing controls to ensure that holiday quality is maintained. Up until now, they say, there have been no problems.

The island of Porto Santo, which is served by ferry from Madeira, has been described as complementary to Madeira. It has a beach of 9km and is pre-dominantly flat while Madeira is dominated by the mountains which reach as high as 1,800 metres. Porto Santo also has a much higher street. much bigger airport.

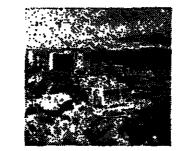
Mr Borges points out that, as far as tourism is concerned, the island is almost virgin but they said is almost vigin but they are "coming to grips with the potential". One government report, for example, says that hotel capacity could reach 5,000 beds, a considerable increase, without damaging the environment. environment. First, however, the thorny problem of the shortage of water has to be overcome. The government is looking at several plans includ-ing stepping up decellanting

ing stepping up desalination.

The flatness of the terrain means that it can easily accommodate a golf course, and there are tenders out for a casin

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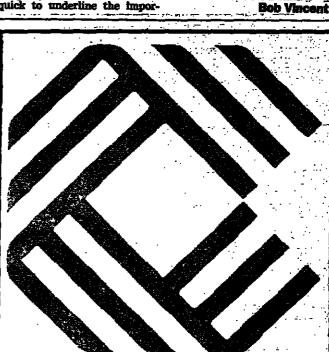


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